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Annual Report 1972

BASF

At a Glance

in million DM	1970	1971	1972
BASF World Sales¹	11,517	12,139	13,643
BASF Group¹			
Net sales (after turnover taxes)	9,583	10,233	11,861
Net income	268	287	408
<i>per share in DM</i>	<i>9.61</i>	<i>9.49</i>	13.38
Capital expenditures	1,627	922	915
Number of employees	96,085	93,022	104,054
BASF AG			
Net sales (after turnover taxes)	4,860	5,200	5,921
Pre-tax earnings	469	448	618
Taxes on income and property ²	162	219	341
Net income	307	229	277
<i>per share in DM</i>	<i>11.00</i>	<i>7.57</i>	9.07
Dividend payout	307	227	229
<i>per share in DM</i>	<i>11.00</i>	<i>7.50</i>	7.50
Tangible fixed assets	2,600	2,390	2,270
Investments	1,912	2,028	2,421
Current assets	2,691	2,708	2,591
Total assets	7,213	7,137	7,289
Capital stock	1,500	1,513	1,526
Reserves	1,779	1,797	1,875
Liabilities	3,896	3,781	3,841
Capital expenditures	725	315	385
Depreciation and retirements	510	525	505
Number of employees	51,368	49,590	50,464
Labor costs (incl. fringe benefits)	1,263	1,391	1,566

¹ BASF world sales represent the total consolidated net sales of all companies in the BASF Group, i. e. the net sales of the 50 percent-owned companies are included in full. The BASF Group takes into account Badische Anilin- & Soda-Fabrik AG and all companies which are at least 50 percent owned by BASF AG or its majority holdings, as well as the majority holdings of companies in which a 50 percent participation is held. The accounting includes majority holdings

in full, and half of the 50 percent participations and their majority holdings. Intercompany items between the companies have been eliminated. Group companies of minor importance are not consolidated.

² including Equalization of Burdens Property Tax.

Fiscal Year 1972

Annual Reports including Financial Statements of
BASF Group
BASF AG and its consolidated German subsidiaries
BASF AG
Report of the Supervisory Board

Badische Anilin- & Soda-Fabrik AG

BASF

Contents

Agenda for the Annual Meeting of Stockholders June 20, 1973	3	<i>Regional Divisions</i>	
REPORT OF THE BOARD OF EXECUTIVE DIRECTORS		North America	46
Supervisory Board	4	Latin America	46
Board of Executive Directors	5	Africa and West Asia	49
Directors	6	South and East Asia, and Australia	49
Business in 1972		<i>Other Activities</i>	
Review and outlook	8	Engineering and Construction	51
Sales	11	Environmental Protection	51
Earnings and dividends	13	Purchasing	53
Finances	14	Distribution	53
Capital expenditures	19	Sales Coordination	53
About our affiliates	20	Subsidiaries and Affiliates	
Activities	23	Major Subsidiaries and Affiliates	56
<i>Research</i>	23	Germany	58
<i>Product Divisions</i>		Abroad	64
Polyolefines	24	Employees	72
Polystyrene and Polyvinyl Chloride	24	Annual Reports and Financial Statements	
Specialty Plastics	27	Notes to the 1972 Financial Statements of the BASF Group	76
Fibers	30	Annual Report of BASF AG and its consolidated German subsidiaries for 1972 and notes to the Consolidated Financial Statements	80
Basic Chemicals	33	Annual Report of BASF AG for 1972 and notes to the Financial Statements	86
Oil and Gas	33	REPORT OF THE SUPERVISORY BOARD	96
Fertilizers	34	1972 Annual Financial Statements	Appendix
Plant Protection Products	34	BASF Group	2
Dyestuffs and Auxiliaries	35	BASF AG and its consolidated German subsidiaries	6
Chemicals	37	BASF AG	10
Dispersions	40	10-Year review	16
Coatings	40		
Special Colors	41		
Magnetic Recording Media and Nyloprint®	43		
Pharmaceuticals	45		

21st Annual Meeting of Stockholders

Wednesday, June 20, 1973, 10.00 a. m.
at the BASF Feierabendhaus
Leuschnerstrasse 47
Ludwigshafen am Rhein

Agenda*

1. Presentation of the Financial Statements of BASF AG, and of BASF AG and its consolidated German subsidiaries;
Presentation of the Annual Reports of BASF AG, and of BASF AG and its consolidated German subsidiaries;
Presentation of the Supervisory Board Report
2. Declaration of dividend
3. Ratification of the actions of the Supervisory Board
4. Ratification of the actions of the Board of Executive Directors
5. Change of the company's name to "BASF Aktiengesellschaft"
6. Bonds with stock options
7. Conditional capital
8. Authorized capital
9. Changes of Articles of Incorporation relative to (6) and (7)
10. Appointment of Auditors for the Fiscal Year 1973

* The complete agenda with proposed resolutions will appear in the May 11, 1973 issue of the Bundesanzeiger No. 88

Supervisory Board

Professor Dr.-Ing. Carl Wurster, Stuttgart
(Chairman)

Hans L. Merkle, Stuttgart
(Deputy Chairman)
Chairman of the Board of Executive Directors
of Robert Bosch GmbH

Dr. jur. Josef Rust, Kassel
(Deputy Chairman)
State Secretary (ret.)

Rudi Bauer, Ludwigshafen
Chairman of the Works Councils of BASF AG

Professor Dr. rer. nat. Manfred Eigen, Göttingen
Director of the Max-Planck-Institut
for Biophysical Chemistry in Göttingen

Dr. jur. Hans Feith, Frankfurt/Main
Member of the Board of Executive Directors
of Deutsche Bank AG

Alfred Hoffmann, Marl
Deputy Chairman of the Works Councils of
Gewerkschaft Auguste Victoria

Dr. rer. pol. Kurt Hohenemser, Frankfurt/Main
General Manager of the Deutsche Schutz-
vereinigung für Wertpapierbesitz e. V. für Hessen
und Rheinland-Pfalz (Registered German
Association for the Protection of Owners of Securities for the States of Hessen and Rhineland-Palatinate)

Heinrich Kemmler, Ludwigshafen
General Manager of the Ludwigshafen Region
of the Industriegewerkschaft
Chemie-Papier-Keramik (Chemical, Paper and
Ceramic Industries Union)

Dr. jur. Bernhard Landmesser, Neustadt/Weinstrasse
Member of the Supervisory Board of Knoeckel,
Schmidt & Cie. Papierfabriken AG

Simon Lazard, Paris
Ing. Dipl. de l'Ecole Polytechnique, Paris,
Ingénieur conseil

Jacob Müller, Otterstadt/Pfalz
Electric welding operator

Dr. jur. Alfred Schaefer, Zollikon, Switzerland
President of the Board of Executive Directors
of Schweizerische Bankgesellschaft

Rudolf Schlenker, Hamburg
Chairman of the Board of Executive Directors
of H. F. & Ph. F. Reemtsma

Willi Schüller, Lengers near Bad Hersfeld
Chairman of the Works Councils of Kali und Salz AG

Board of Executive Directors

Professor Dr. phil. nat. Bernhard Timm
(Chairman)

Dr. phil. Hans Freienhener
(Deputy Chairman)
Consumer Products,
Sales Coordination and Distribution

Professor Dr. jur. Friedrich Dribbusch
Personnel

Professor Dr.-Ing. Berthold Frank
Engineering and Construction

Dr. jur. Wolfgang Heintzeler
Legal Affairs and Taxes

Dr.-Ing. Erich Henkel
Overseas Operations

Dr. rer. pol. Rolf Magener
Finances

Dr. rer. nat. Hans Moell
Basic Chemicals, Oil and Gas,
Agricultural Chemicals

Professor Dr.-Ing. Horst Pommer
Research

Professor Dr. phil. Adolf Steinhofer
Research

Deputies

Dr. rer. nat. Matthias Seefelder
Dyestuffs, Chemicals, Dispersions

Dr. rer. nat. Herbert Willersinn
Plastics and Fibers

As of December 31, 1972

Managing Directors

Dr. rer. nat. Hans Albers
Dyestuffs and auxiliaries

Professor Dr. phil. habil.
Ernst Bartholomé
Process engineering

Dr. jur. Hans-Albrecht Bischoff
Labor relations

Dr.-Ing. Günter Bogenstätter
Construction

Dr. phil. Karl Buchholz
Central planning/Annual planning

Dr. rer. nat. Otto Christmann
Dyestuff research

Dr. phil. nat. Günter Daumiller
Chemicals/Research and development

Dr. rer. nat. Hans Detzer
Basic chemicals

Christian Erasmi
Polyolefines

Dipl.-Kfm. Josef Fischer
Purchasing

Dr. rer. nat. Hans Friz
Research/Basic chemicals

Dr. phil. Hans-Joachim Frost
Environment

Dr. rer. nat. Rudolf Gäth
Applications technology

Dr. jur. Karl-Ludwig Hermann
Finances

Dr. rer. nat. Wolfgang Huber
Personnel (Ludwigshafen)

Dr. rer. nat. Kurt Jockers
Basic chemicals production

Dr. rer. pol. Heinrich Jonas
Accounting

Dr. rer. nat. Horst Kerber
Fibers

Dr. jur. Jürgen von Knieriem
Legal affairs

Dr. jur. Helmut Kraft
Latin America

Dr. rer. nat. Hans Lautenschlager
Chemicals

Dr.-Ing. Karl Mahler
Magnetic recording media and Nyloprint® (Willstätt)

Dr. rer. nat. Horst Metzger
Plant protection products

Dr. rer. nat. Manfred Minsinger
Specialty plastics

Dr. oec. publ. Ernst Mühling
Distribution

Dr. oec. publ. Albert Oeckl
Public relations

Hans Oesterlin
Coatings

Dr. phil. Hans Joachim Pistor
North America

Dr. rer. nat. Heinz Pohlemann
Research/Plastics

Dr. rer. nat. Friedrich Pyzik
Special colors

Dr. rer. nat. Werner Reif
Research/Main laboratory

Wolfgang Ritter
Taxes

Dr. rer. nat. Norbert Rudolphi
Dispersions

Professor Dr.-Ing. Richard Sinn
Technical development

Dr. rer. nat. Helmut Thurn
Magnetic recording media and Nyloprint

Dr. rer. pol. Karl-Heinz Tillmann
Fertilizers

Professor Dr. rer. nat.
Tim H. Toepel
Research coordination

Professor Dr. phil. Dr. sc. nat. habil.
Hans-Georg Trieschmann
Central planning

Dr.-Ing. Karl August Wetjen
Engineering and construction (Ludwigshafen)

Dr. rer. nat. Gernot Winter
Polystyrene, PVC

Hans Joachim Witt
Africa, Asia, Australia

Dr. rer. pol. Robert Zinser
Sales coordination

As of December 31, 1972

Department Directors

Gustav Ahrens
 Dipl.-Ing. Hugo Aldinger
 Dr. phil. nat. Theo Ankel
 Edgar Beck
 Günter Becker
 Lutz Beckers
 Bernt Berghäuser
 Dr. rer. nat. Erhard Borchers
 Dr. rer. nat. Karl Buschmann
 Dr. rer. nat. Günter Cramer
 Dr. phil. Bernhard Cyriax
 Dr.-Ing. Heinz Detlef Dibbern
 Dipl.-Kfm. Friedrich Edel
 Dipl.-Ing. Heinrich Feldhoff
 Dr. rer. nat. Herbert Friederich
 Dr.-Ing. Kurt Generlich
 Dr. rer. nat. Heinz Gerrens
 Dr. rer. nat. Norbert Götz
 Dr. rer. nat.
 Otto-Alfred Grosskinsky
 Dr. rer. nat. Otto Hertel
 Dr. phil. nat. Herwig Hoffmann
 Dipl.-Ing. Friedrich Hofherr
 Professor Dr. rer. pol.
 Rolf Hofmann
 Dr. rer. nat. Heinz Hohenschutz
 Dr. rer. nat. Wolfgang Jentzsch
 Professor Dr. rer. nat.
 Hermann Kienitz
 Dr. agr. Edmund Köhler
 Dipl.-Chem. Alwin Konrad
 Dr. rer. nat. Hans-Harald Kopper
 Dr.-Ing. Wolfgang Kost
 Dipl.-Ing. Heinz Kühner
 Dipl.-Kfm. Richard Kuhn
 Dr. rer. nat. Heinz Lange

Dr. rer. nat. Dietrich Lausberg
 Dr. oec. Hans-Karl Lobenwein
 Dr. agr. Jakobus Heinrich Lüttmer
 Walter Marx
 Otto K. Merckel
 Dr. rer. pol. Peter Metzenthin
 Dr.-Ing. Franz-Friedrich Miller
 Dr. rer. nat. Heinz Müller-Tamm
 Karl Münch
 Dr.-Ing. Otto Nagel
 Dr. phil. nat. Werner Nieswandt
 Dr. rer. nat. Karl Opp
 Dr. rer. nat. Hans Georg Peine
 Dr. rer. nat. Ernst Penning
 Dr.-Ing. Günter Pöhler
 Dr. rer. nat. Ernst Raber
 Dr. rer. nat. Paul Raff
 Dr. phil. nat. Franz Reicheneder
 Dr. rer. pol. Anny Reichl
 Dr. rer. nat. Hans Reinhard
 Dr. rer. nat. Rudi-Heinz Rotzoll
 Dipl.-Kfm. Karlheinz Schöler
 Dr. jur. Gerhard Schornack
 Dr. rer. nat. Karl Schuhmann
 Dr.-Ing. Adolf Schwarz
 Wolfgang Schwer
 Dr. rer. nat. Jens-Peter Siegfriedt
 Professor Dr. rer. nat. Heinz Spähn
 Dr. rer. nat. Erhard Stahnecker
 Dr. rer. nat. Karl Stange
 Dr. rer. nat. Walter Stilz
 Dr. rer. nat. Erich Stöckl
 Hans Joachim Stolley
 Hans-Werner von Stutterheim
 Günter Taege
 Dr.-Ing. Eckart Titzenhaller

Hans-Jochen Versemann
 Dr. agr. Otto Walterspiel
 Dr. rer. nat. Hermann Wesslau
 Dipl.-Volkswirt
 Hinrich Würdemann
 Dr. rer. nat. Albrecht Würz
 Heinz Wüstefeld
 Hubert Wydra

As of December 31, 1972

Business in 1972

Review

The earnings achieved in 1972 permit us to propose to the Annual Meeting a dividend of DM 7.50 per share. The amount equals the preceding year's dividend.

The net income of the BASF Group was higher than in the two previous years. However, in an era of greater economic risks and higher costs for machinery and equipment, it is necessary to strengthen reserves more than heretofore. Following the full payout of net earnings of BASF AG in the two preceding years there exists a need to make up for long-standing demands. In addition the formation of reserves is intended to improve our financial structure.

Business developed favorably on the strength of a gradual advance of the economy which accelerated toward year-end. Exports provided the largest impetus and produced heretofore unequalled export increases for BASF AG. The gains in sales led to higher utilization of production capacities and, in turn, to lower production costs per unit. We were affected adversely by increases in costs and growing inflation. Until now price increases have largely affected only the costs of the chemical industry of the Federal Republic of Germany whereas competition prevented any improvement in proceeds either in 1972 or in the preceding years. The price index for chemicals in the Federal Republic still stayed below 1962 levels. The BASF AG sales price index * in 1972 was 3.3 percent lower than a year earlier. With few exceptions market conditions did not permit price corrections commensurate with cost escalations.

Sales of the BASF Group rose 15.9 percent to DM 11.9 billion. BASF AG raised its sales 13.9 percent to DM 5.9 billion. The German chemical industry as a whole realized a sales increase of 6.3 percent. Earnings before taxes of the BASF Group rose 39.3 percent to DM 724 million. Its earnings after taxes were up 42.2 percent to DM 408 million. BASF AG's earnings before taxes on income, profit and property and the Equalization of Burdens Property Levy increased 38 percent to DM 618 million, after taxes by 20.8 percent to DM 277 million. The appreciable gains must be viewed, however, against sales and earnings in recent years. The adjacent diagram shows clearly that the levels of 1968 and 1969 earnings have not been regained.

* calculated according to the Paasche method, based on the mix of products sold in 1972

Pre-Tax Earnings and Sales

1968 = 100



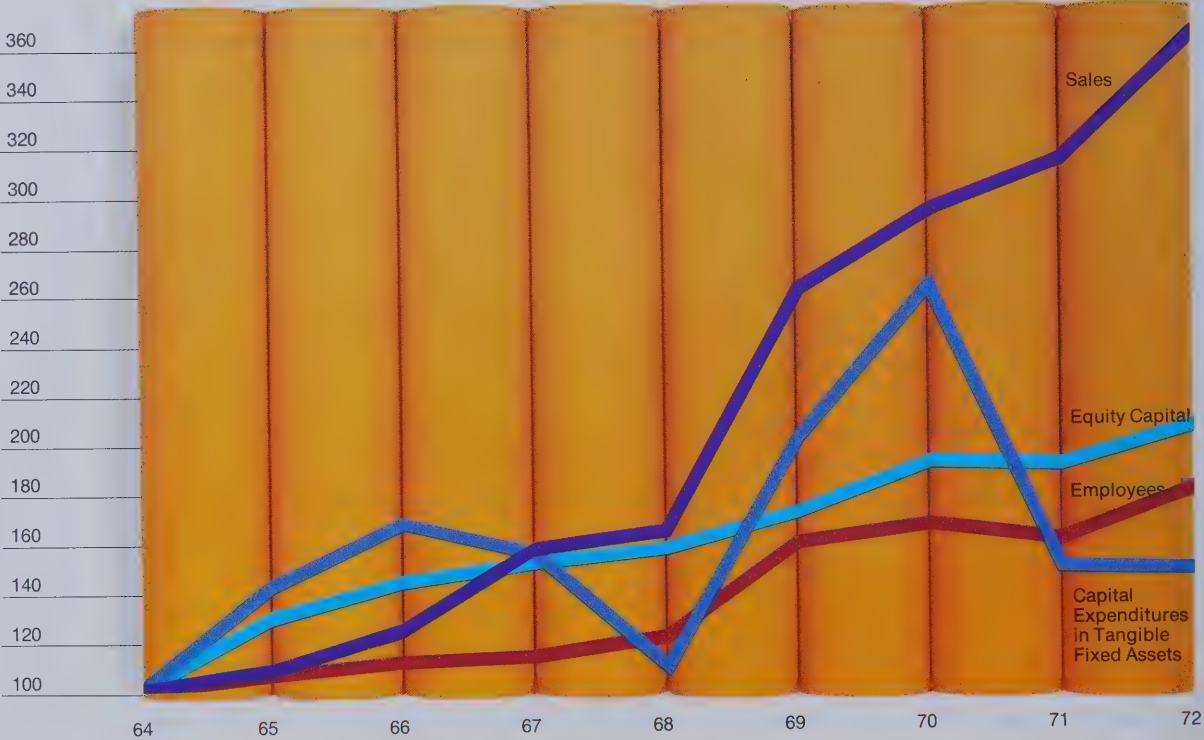
Outlook

The favorable development in sales and earnings continued through the first quarter of 1973. Overall the prospects for business in 1973 remain uncertain. We are particularly concerned with the trend to persistent cost increases which will exceed potential productivity gains, and also with continuing inflation.

We welcome all measures that will help to reestablish stability in Germany, but we doubt that the projected increase in taxes will provide the desired effect. Significant uncertainties exist in the development of currency parities particularly in view of the monetary measures instituted in March 1973. A durable new international monetary system is one of the prerequisites for the success of our efforts to plan the expansion of our business throughout the world effectively.

BASF Group

1964 = 100

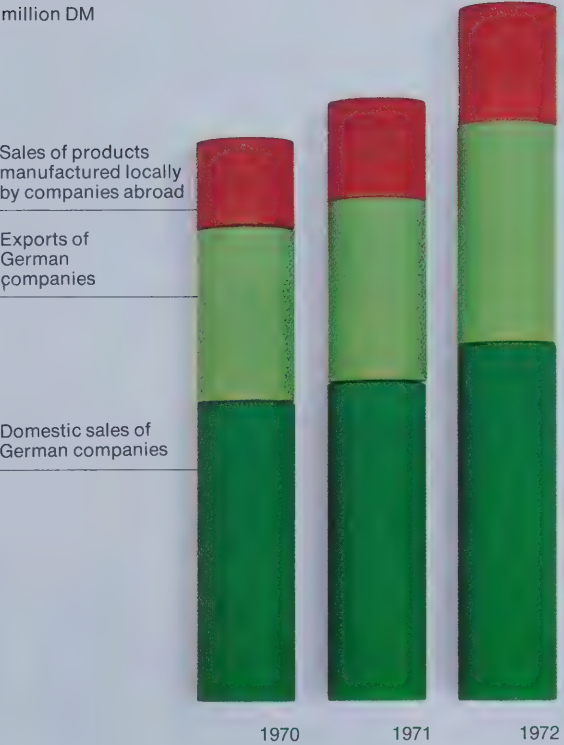


Sales

BASF Group: BASF Group sales again rose faster than in the preceding year. Sales of DM 11.9 billion represented a gain of 15.9 percent or DM 1.6 billion. The growth rate would have been 12 percent if those companies were excluded which are consolidated into the BASF Group for the first time or are now carried at 100 percent, such as the new Kali und Salz group. Business abroad developed exceedingly well. Exports of our German companies advanced 20.0 percent. Sales of products manufactured by our companies abroad increased 23.5 percent. At 11.2 percent the gain in sales within Germany was lower but still represented almost twice the growth rate of the previous year.

BASF AG: Net sales of BASF AG rose 13.9 percent to DM 5.9 billion. Compared to 1971 we experienced a further price squeeze. Consequently, as in the previous years, the increase in the value of sales was lower than in volume. Exports showed a heretofore unequalled growth rate of 20.4 percent, but the 7.6 percent advance in German sales was nearly equal to the gain of the year before. The share of exports in total sales increased from 49.2 to 52 percent.

BASF Group Sales



BASF Group	9,583	10,233	11,861
Germany	5,126	5,446	6,057
Abroad	4,457	4,787	5,804
of which			
Exports of German companies	2,963	3,103	3,724
Sales of products manufactured locally by companies abroad	1,494	1,684	2,080
Companies in Germany	8,089	8,549	9,781
BASF AG	4,860	5,200	5,921
of which exports	2,413	2,558	3,079

BASF Group
1972 Sales by Region

million DM

West Germany

EEC excl. West Germany

North America

EFTA

Rest of Europe (West and East)

Latin America

South and East Asia,
Australia

Africa,
West Asia



Earnings and Dividends

BASF Group: The 39.3 percent increase in pre-tax earnings exceeded the sales growth. This year, in addition to BASF AG, subsidiaries abroad made a major contribution to the rise in earnings. Net income rose 42.2 percent to DM 408 million. After the dividend payout DM 181 million will remain.

BASF AG: The 38 percent increase in earnings before income, profit, property taxes and Equalization of Burdens Property Levy is due to the appreciable improvement of operations. Compared to 1971 we experienced losses of DM 190 million due to the persistent price squeeze. In addition, cost increases, particularly in labor-intensive areas, depressed earnings. However, these negative influences were more than offset by decisive increases in the volume of sales and lower per-unit production costs due to higher utilization of capacities.

A comparison of BASF AG earnings before taxes with Group earnings before income taxes has to take into account that taxes on property as well as the taxes assumed from Group companies, totalling about DM 80 million altogether, have not been deducted from the earnings before EEV and LA-VA taxes³, and that these earnings already include income received from affiliates. Net income rose 20.8 percent. The appropriation to reserves of DM 50 million increased taxes by more than 50 percent compared to the previous year. Primarily for this reason the growth rate of the net income is lower than for pre-tax earnings.

Earnings of the BASF Group million DM	1971	1972
Earnings before income taxes ^{1, 2}	520	724
Income taxes	232	312
Minority interests	1	4
Net income	287	408

Earnings of BASF AG and appropriation of net income million DM		
Earnings before EEV and LA-VA taxes ³	448	618
EEV and LA-VA taxes	219	341
Net income	229	277
Dividends	227	229
Retained earnings	0	50

Earnings per share (nominal value DM 50.00) DM		
<i>BASF Group</i>		
Earnings before income taxes	17.18	23.72
Net income	9.49	13.38
<i>BASF AG</i>		
Earnings before EEV and LA-VA	14.79	20.24
Net income	7.57	9.07
Dividend	7.50	7.50
Number of shares outstanding entitled to dividends (in 1,000s)	30,262	30,522

¹ After minority interests

² Principally corporation and trade profit taxes

³ Taxes on income and property (trade tax, payroll tax, corporation tax, real estate tax, property tax) and Equalization of Burdens Property Tax

Finances BASF Group

The efforts to consolidate the BASF Group finances were continued in 1972, but the development is only partly reflected in the funds flow statement since the increase in total assets is to some extent due to the inclusion of additional companies. Excluding these companies, the following figures would be applicable⁴:

– Internal financing	DM 1.45 billion
– External financing	DM 0.15 billion
– Additions to fixed and current assets	DM 1.55 billion

Capital expenditures in fixed and current assets were almost covered by the increased funds out of internal financing. Whereas liabilities and short-term accruals increased DM 0.1 billion, liabilities to banks and to the capital market decreased DM 0.2 billion.

Current assets¹ exceeded short-term² liabilities, including dividends to be paid by DM 1.8 billion. The financial structure remained unchanged.

Acid-test ratio (short-term receivables ¹ plus liquid funds: short-term liabilities) ²	1.0
---	-----

Current ratio (current assets ¹ : short-term liabilities)	1.5
--	-----

Financial structure (Equity capital in percent of total assets)	32.1
---	------

Long-term financing ratio (long-term capital: non-current assets) ³	1.2
--	-----

Internal financing in percent of total financing⁴	90.6
---	------

¹ including prepaid expenses

² short-term: payable or due within one year from the balance sheet date (including dividends to be paid)

³ long-term: payable or due after more than one year from the balance sheet date

⁴ excluding the changes arising from newly-included companies

Source and Application of Funds

million DM

1972

1972

Source of funds

Net income	408
Depreciation and retirement of fixed assets and deferred charges	1,138
Other items ⁵	303
Cash flow	1,849
Minus dividends of BASF AG (1971)	227
Internal financing	1,622
Increase in equity capital of BASF AG	41
Change in long-term liabilities	(95)
Change in short-term liabilities and accruals	468
External financing	414
Other changes ⁸	89
	2,125

Application of funds

Additions to tangible fixed assets	915
Changes ⁶ in investments including capitalized items	201
Other changes in assets including capitalized items ⁷	298
Additions to fixed assets including capitalized items	1,414
Change in inventories, products on lease and uncompleted contracts	76
Change in receivables including prepaid expenses	571
Changes in current assets (without liquid funds)	647
Increase in liquid funds	64
	2,125

Structure of Assets and Liabilities

percent

Assets

Tangible fixed assets, concessions, patents, etc.	49.2
Investments and long-term loans	6.4
Fixed assets	55.6
Inventories, products on lease and uncompleted contracts	14.4
Receivables	19.9
Cash and cash items	6.2
Current assets	40.5
Deferred charges and prepaid expenses	2.0
Balance arising from consolidation	1.9
Total assets	100.0

Capital and liabilities

Paid-in capital	23.1
Earned surplus	7.8
Minority interests	1.2
Equity capital	32.1
Special reserves	0.5
Unrealized gains in foreign exchange	1.0
Long-term liabilities	41.5
Short-term liabilities	24.9
Total liabilities	66.4
Total capital and liabilities	100.0

⁵ change in long-term provisions and special reserves

⁶ additions minus redemption of loans

⁷ due to companies newly included and to transfers

⁸ comprising changes in equity capital and minority interests, changes relating to newly-consolidated companies, changes in the unrealized gain of foreign exchange and changes in the balance arising from consolidation

Finances BASF AG

In 1972 no extraordinary changes characterized our finances. Capital expenditures in fixed assets were covered by internal financing augmented by capital freed from current assets. Liabilities to banks and to the capital market of DM 271 million were redeemed. The acid-test and current ratios continued to be satisfactory. The share of equity capital in total capital and liabilities rose insignificantly due to minor capital increases and appropriation to reserves. We exceeded significantly the minimum requirements in respect to debt limits and specific financial ratios set forth in the guidelines of the BAA (Bundesaufsichtsamt für das Versicherungs- und Bausparwesen, the German federal office governing insurance and home loan savings associations).

Acid-test ratio (short-term receivables and liquid funds: short-term liabilities) ¹	1.3
---	-----

Current ratio (current assets: short-term liabilities)	2.0
--	-----

Financial structure (Equity capital in percent of total assets)	49.8
---	------

Long-term financing ratio (long-term capital: non-current assets) ²	1.2
--	-----

Internal financing in percent of total financing	97.2
---	------

¹ short-term: payable or due within one year from the balance sheet date (including dividends to be paid)

² long-term: payable or due a year or more after the date of the balance sheet

Source and Application of Funds

million DM

1972

1972

Source of funds

Net income	277
Depreciation and retirement of fixed assets	528
Other items ³	76

Cash flow	881
Minus dividends of 1971	227

Internal financing	654
Increase in equity capital	41
Change in long-term liabilities	(241)
Change in short-term liabilities and accruals	219

External financing	19
	673

Application of funds

Additions to tangible fixed assets	385
Additions to investments	415

Additions to fixed assets	800
Change in inventories, products on lease and uncompleted contracts	(42)
Change in receivables including deferred charges and prepaid expenses	(115)

Changes in current assets (excluding liquid funds)	(157)
--	-------

Increase in liquid funds	30
	673

Structure of Assets and Liabilities

percent

Assets

Tangible fixed assets	31.1
Investments and long-term loans	33.3

Fixed assets	64.4
Inventories, products on lease and uncompleted contracts	11.2
Receivables including deferred charges and prepaid expenses	16.2
Cash and cash items	8.2

Current assets	35.6
Total assets	100.0

Capital and Liabilities

Capital stock	20.9
Surplus reserves plus profit available for dividend	28.9

Equity capital	49.8
Special reserves	0.3
Valuation adjustments	0.3
Long-term liabilities	34.8
Short-term liabilities	14.8

Total liabilities	49.6
Total capital and liabilities	100.0

³ change in long-term provision and special reserves
minus valuation adjustments



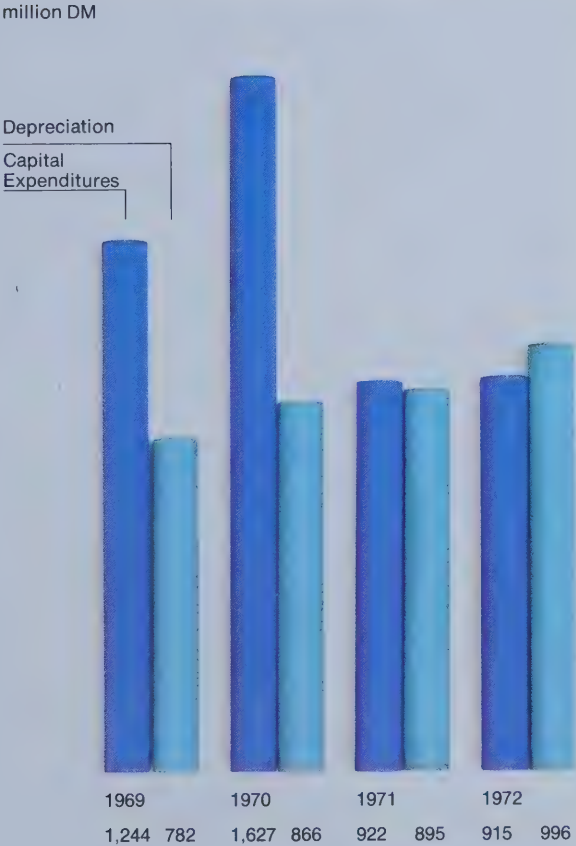
New plant for the production of organic intermediates in the Ludwigshafen works

Capital Expenditures

Capital expenditures of the BASF Group in fixed assets totalled DM 915 million in 1972 (DM 922 million in 1971). Thus our expenditures, which were principally concentrated on plastics, chemicals and dyestuffs, continued to be guided by a policy of reduced spending. All new investments were subject to still more rigorous standards for profitability than heretofore, insofar as the share of non-revenue producing investments, in particular for environmental protection, continued to rise. Specific investment projects are highlighted in the reports on the operating divisions and the subsidiaries.

Of the DM 915 million spent by the BASF Group, BASF AG accounted for DM 385 million, the German subsidiaries for DM 319 million, the other European companies for DM 70 million and those outside Europe, principally in North America, for DM 141 million. The total includes more than DM 100 million spent for environmental protection. In the future we will have to allocate considerably more for this purpose.

BASF Group
Capital Expenditures and Depreciation



About our Affiliates

In order to achieve greater efficiencies in the organization of Group companies in Germany, we combined the activities of our affiliates active in protective coatings, special colors and fibers. Our wholly-owned subsidiaries Glasurit-Werke M. Winkelmann GmbH, Hamburg; Herbol-Werke Herbig-Haarhaus AG, Cologne; G. Siegle & Co. GmbH, Stuttgart; and Kast + Ehinger GmbH, Stuttgart, were merged into BASF Spinntechnik AG, Hamburg, which concurrently changed its name to BASF Farben + Fasern AG. In order to maintain the valuable tradenames of the merged companies, the operating affiliates Glasurit GmbH, Hamburg; Herbol GmbH, Cologne; Kast + Ehinger GmbH, Stuttgart; and G. Siegle GmbH, Stuttgart were organized. To consolidate the synthetic fiber activities of the BASF Group in Europe, we established BASF Fasertechnik GmbH as an operating company. Kali and Salz AG, Kassel, in which the Wintershall Group and Salzdetfurth AG, Hanover, each held 50 percent, was merged into Salzdetfurth AG in 1972. Subsequently the company changed its name to Kali und Salz AG. Details about the merger appear on page 61.

The Chemische Düngelfabrik Rendsburg was merged into BASF AG on December 21, 1972. Certain business interests of the former company have been assumed by the newly-founded Chemische Düngelfabrik Rendsburg GmbH.

In June 1972 the capital stock of Röhm GmbH was raised nominally by DM 5 million to DM 65 million. The increase was assumed in full by BASF AG. As a result BASF AG now holds more than 38 percent of this company.

Our cooperation in the polyurethane sector with Pechiney Ugine Kuhlmann in France was intensified. In December 1972 Dekachemie was merged into Marles-Kuhlmann-Wyandotte. Each of the two companies was 50 percent-owned by Pechiney Ugine Kuhlmann and the BASF Group. The merger became effective retroactively to January 1, 1972. As of December 1972 the Dow Badische Company reduced its capital stock by US\$ 60 million and remitted to each of the parent companies, The Dow Chemical Company and BASF Overzee N.V., half of the amount. BASF Overzee N.V. used its share primarily for the redemption of loans.

BASF and Sandoz AG, Basel, Switzerland, agreed to establish a joint venture, Anthrachinon-Produkte BASF-Sandoz AG, in March 1973. Each of the parent companies will hold 50 percent. The company was founded to produce and sell anthraquinone, 1-aminoanthraquinone and the so-called brom-amine acid. These products are important intermediates for a wide range of dyestuffs. The capital expenditures for the new plants will total about DM 100 million. The new facilities are expected to go on stream in the first half of 1975.



Testing the stability of Ultramid plastic pipe against electric discharges

BASF Group
1972 Sales by Divisions

million DM



Activities

In 1972 we were able to realize the full benefit of the 1969–70 expansion of our production facilities. Our sales departments achieved their goals especially in establishing new export markets. Most of the capacities were fully utilized and performed well thanks to the excellent cooperation between our employees in production and engineering. The research and application laboratories contributed in large measure to the success. Major events in the progress of the product and regional divisions as well as in other activities are described in the following pages.

Research

Research activities continue to be concentrated in Ludwigshafen. The organization was adjusted to the changed structure of the BASF Group. Development work oriented toward plant operation and marketing is now handled directly by the divisions or subsidiaries. For research of greater scope the divisions have the four large research laboratories at their disposal. Their work is coordinated by Research. This form of organization speeds the implementation of new impulses generated by the market and the production sector, by new developments in science and technology. At the same time the organization assures better utilization of the research facilities and broader application of their results.

At year-end 10,000 employees, including 1,400 with university degrees in science, were active in the laboratories and pilot plants of the BASF Group. Of the total, BASF AG accounted for 8,500 and 1,100 respectively.

Altogether DM 397 million were spent for research, of which BASF AG expended DM 317 million. In addition, DM 50 million were applied to the construction of research laboratories and pilot plants. Approximately one-fifth of our research and development activities was devoted to environmental protection. In the past year nearly 400 products were added to our line. Our income from licensing again exceeded our expenditures for licenses. Specific research results are highlighted in the respective product division reports.

Product Divisions

Polyolefines

Intense competition again characterized our polyethylene business in 1972. However, we achieved appreciable sales gains in the second half of the year.

In volume low-density polyethylene is the most important product. Output equalled demand. Higher proceeds were realized in several markets. Yet we were able to absorb only part of the higher costs, especially for raw materials. Low-density Lupolen® principally used for packaging, has been well accepted in Europe and overseas for the production of small and large bags, shrink film packages for protection in transport, container liners, or for storage silos, some displacing several 100 cubic meters. Lupolen film has also become indispensable to the farmer in realizing, for instance, an early harvest, in storing harvested commodities and replacing conventional roofing of greenhouses. We were able to increase sales of our various grades of high-density polyethylene significantly. The trend was stimulated by developments in blow-molding. With high-density Lupolen bottles and containers for foods, petroleum products, antifreeze and detergents are manufactured. Canisters and drums as well as fuel tanks with capacities up to 2,000 liters are fabricated out of special high-molecular-weight grades.

In polypropylene we have strengthened our position in the market for our Novolen® grades. For textile applications and injection molding new products were developed and added to the line. We also achieved increases in sales of Lucobit® which is processed into film for different types of construction sealants.

Polystyrene and Polyvinyl Chloride

Polystyrene and polyvinyl chloride, our well-established plastics, scored distinct gains. Our plants producing the intermediates and polymers operated near capacity. The resulting production cost advantage still failed to lift profit margins to satisfactory levels. Prices for polystyrene will increase because the worldwide shortages tend to make the petrochemical raw materials more costly. Polyvinyl chloride proceeds have now stabilized after their deterioration in recent years.

BASF Antwerpen completed a new plant to produce standard grades of polystyrene and high impact-resistant polystyrene. The facility with a capacity of 165,000 metric tons per year went on stream in late 1972.

In furniture, the trend to plastics, especially to styrene polymers, persisted. We promote these applications with exhibitions such as "The Home in 1980" and comprehensive consultations with the furniture industry. For instance Luran® S, a polystyrene brand with excellent weather resistance has been favored increasingly for chairs.

Our new line of foamable impact-resistant polystyrene grades permits the production of thick-walled foamed parts featuring good mechanical stability and low weight. This material is supplied for furniture as well as cabinets and chassis for radios, TV sets and recorders.

The introduction of polystyrene grades with high thermal stability for automotive parts, appliances and electrical components met with success. Multi-layer films made out of several polystyrene grades or of polystyrene and other plastics opened interesting new markets such as disposable dinnerware or waterproof packaging.



Automotive gasoline tanks out of Lupolen plastic, developed jointly by BASF and Volkswagenwerk for mass production



For early harvests farmers use Lupolen plastic film; like a greenhouse the covers retain heat and humidity

Among polyvinyl chlorides the sale of rigid PVC grades increased substantially. Polyvinyl chloride's use for packaging many types of products is based on the superior chemical stability of this plastic. Nevertheless only 15 percent of our PVC output is used for packaging. Most of our Vinoflex® grades are manufactured into durable parts such as pipes, profiles and boards for construction. Our impact-resistant grades are also gaining importance in this industry.

Specialty Plastics

Sales and earnings developed satisfactorily in 1972. The economic upturn in the second half of the year provided several sectors with above-average gains.

More than ever foamed plastics play a major role. In spite of growing competition we have improved our market position. In Ludwigshafen we produced the one millionth metric ton of Styropor®, our expandable polystyrene, since we invented this foamable plastic in 1952. The product is used principally for insulation and packaging. Styropor's recent growth has been helped in no small measure by special applications such as Styropor concrete for cinder blocks, internal and external wall components or in loose form as Styrofill®, an impact-resistant filler for packaging. Our affiliate Dispersions Plastiques S.A., Paris, increased the capacity of its Styropor plant to 50,000 metric tons per year.

A new plant for the production of Styrodur® extruded polystyrene foam went on stream in Ludwigshafen.

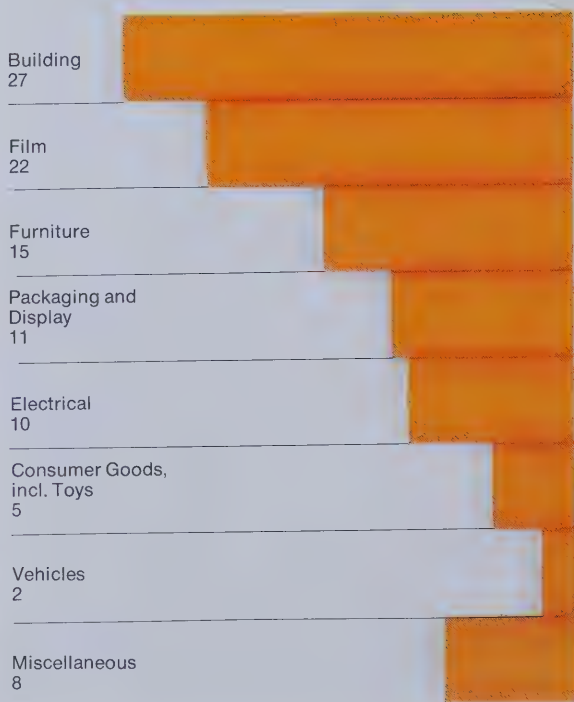
The organization of the Elastogran Group which is active in polyurethanes was simplified. The plants



Producing weather-resistant window frames out of PVC profiles

Markets for BASF Plastics

in Germany, in percent



producing intermediates for polyurethanes have been organized within our Marles-Kuhlmann-Wyandotte (MKW) subsidiary. Expanded capacities for polyether polyols and toluene diisocyanate (TDI) were put on stream by MKW. As a result we have more polyurethane chemicals to offer and thus laid the base for expanded activities in this sector. Our Ultramid® and Palatal® engineering plastics continued to develop well. The specific advantages of these plastics lead to their growing use in place of conventional materials. In particular we were able to introduce new technical applications for reinforced Ultramid grades. Thus we realized above-average gains and strengthened our market position.

In the market for unsaturated polyesters we concentrated our efforts on new applications. The single-wall tanks which we developed in cooperation with our customers for subterranean storage of heating oil have been well accepted by architects and builders. Promising opportunities in the automotive industry are anticipated for our new shrink-proof Palatal systems.

In spite of fierce competition we succeeded in establishing Ultraform® in the market. The relatively expensive Ultradur® engineering plastic proved its value in specific product applications.



Winding large-capacity heating oil tanks out of glass-reinforced
Palatal plastic



Fibers

In the wake of the economic upturn in the United States, Europe's business in synthetic fibers also moved ahead. As a result sales of fiber raw materials were higher than in the preceding year. Earnings were subject to higher costs of raw materials. We expect this trend to continue.

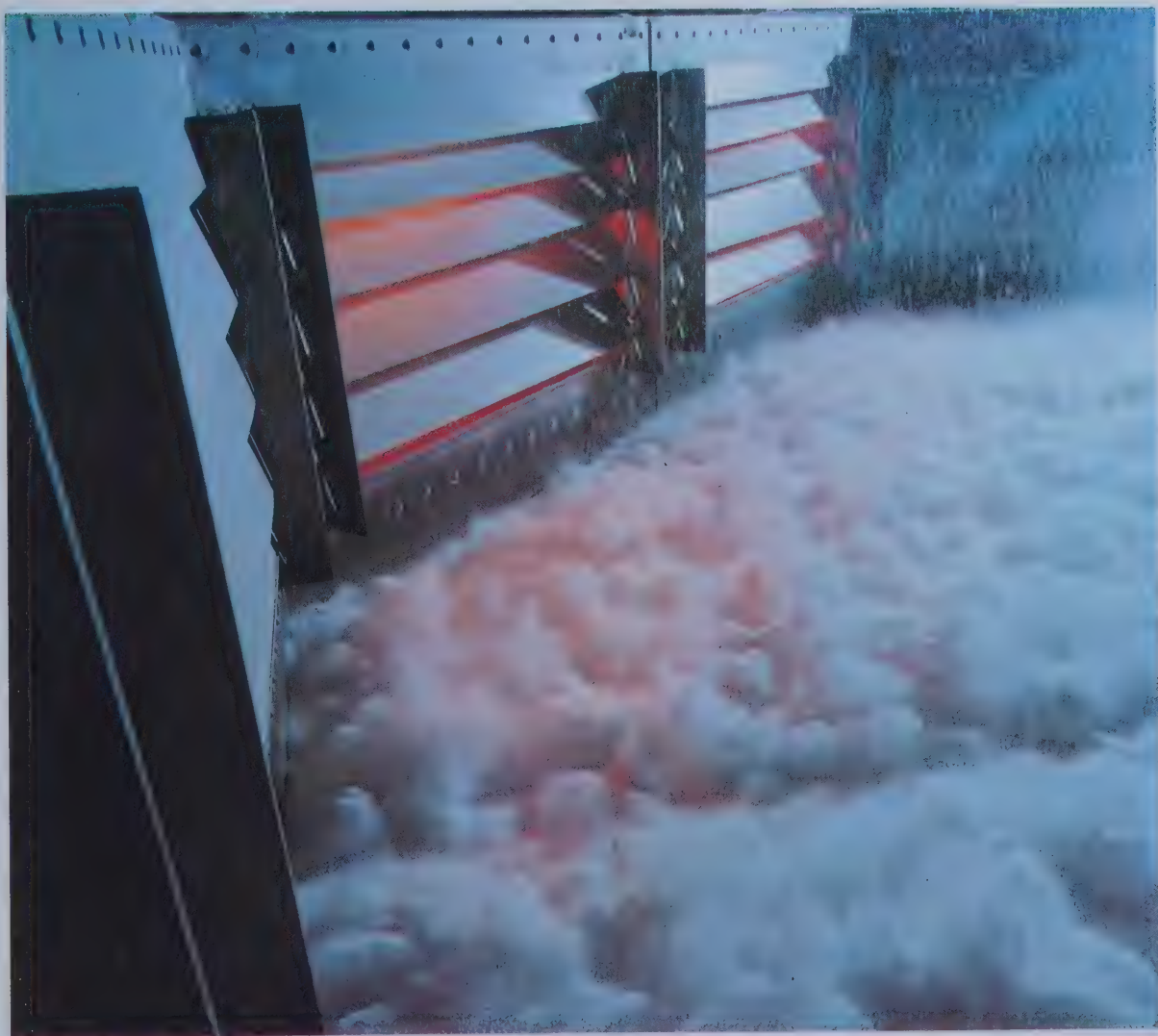
Both in Ludwigshafen and Antwerp fiber raw material production facilities were expanded. Debottlenecking provided a significant increase in our Ludwigshafen capacities for the production of caprolactam and AH salt, the basic materials for nylon 6 and nylon 66, respectively. Antwerp's second caprolactam plant is being expanded. Also enlarged were the production facilities for nylon chips used for spinning of fibers and filaments.

We discontinued dimethyl terephthalate production in mid-1972 because of prevailing price deterioration.

Contracts signed with the Soviet foreign trade organization Techmashimport provide for the delivery of three plants to produce the caprolactam intermediate hydroxylamine.

Out of its new plant in Kaiserslautern, Germany, Lutravil Spinnvlies GmbH & Co., a 50:50 joint venture of the BASF Group and Freudenberg & Co., supplies spun-bonded materials for easy-care tablecloths and to the shoe and leather goods markets. Business did not reach anticipated levels due to competition from cheap imports. A plant to produce carpet backing is under construction.

Crimping of carpet yarn in a stream of hot air



Cooling prilled urea in a fluid bed



Crude oil storage tank submersion off the Persian Gulf coast;
three inter-connected vessels of this type form an installation for
the loading of tankers

Basic Chemicals

Out of rock salt, sulfur, natural gas, naphtha and heating oils our modern large-capacity plants produce basic chemicals primarily for processing by other BASF divisions. The utilization of capacities exceeded last year's levels. Yet cost increases could only be offset in some areas. The sales volume of inorganic basic chemicals developed satisfactorily in spite of intensified competition. Proceeds fell somewhat short of expectations.

New research developments in catalysts will strengthen BASF's position. We placed special emphasis on perfecting catalytic processes for synthetic gas production and oil desulfurization as well as on special catalysts for organic syntheses.

Oil and Gas

The activities of this division are conducted exclusively by Wintershall AG and its subsidiaries active in oil and gas.

In Germany natural gas production was boosted to 2 billion cubic meters. Two smaller natural gas wells were tapped in Lower Saxony. Crude oil output was reduced by natural depletion to about 1 million metric tons.

Abroad we drilled two gas wells in the Dutch North Sea successfully. Out of eleven test wells explored by Wintershall Oil of Canada Ltd., Calgary, three are oil and five gas producers. Production abroad expanded to nearly one half million metric tons particularly due to the rising output of the Dubai-Consortium fields in which we hold an interest. The processing facilities of our refineries operated well. New crude oil distillation facilities went on stream in Lingen and Mannheim. The throughput at our refineries in Germany was thus raised to

8.5 million metric tons per year. A plant to produce bitumen for road surfaces is under construction in Lingen. A reformer for producing high-grade fuels is being erected in Mannheim.

Our installations in the Salzbergen refinery producing engine and other lubricants operated at high output levels.

The volume of gasoline sales rose approximately 8 percent, proceeds were only slightly higher. Sales and proceeds from light and heavy heating oil were unsatisfactory until late fall. At times ruinous competition led to inadequate proceeds. An improvement became evident only in the last two months of the year.

Fertilizers

Sales advanced beyond the DM 1 billion level. Business in Germany was not satisfactory. Imports from East bloc countries increased substantially and again limited our sales opportunities. New efficiencies in production and distribution were introduced. As a result we were able to offset part of the increased costs. However, higher freight costs had to be reflected in our prices. In the forthcoming season we will no longer be able to absorb the increases evident in production and distribution costs to the same degree.

Bulk deliveries increased appreciably as a result of our successful efforts to supply farmers at lowest cost.

European sales were satisfactory. Overseas we succeeded in adjusting prices and in increasing sales of the entire product line.

Plant Protection Products

On the whole 1972 sales were satisfactory. Slower gains in Germany were due to the high market saturation already achieved. Above-average increases were realized in East Europe, South America and in some Western European countries. As a result the share of exports in total sales continued to increase.

Over the years herbicides have represented one of our major activities. Our specialties, in particular the sugar beet herbicide Pyramin® and Avadex® for weed control, have contributed to the continuing expansion of our market.

Our position in fungicides has been strengthened with new products such as the systemic fungicides Cercobin® and Bavistin® for vineyards and orchards. Protection of grain against diseases has



Granulated fertilizers save farmers work and money in application

been given added impetus with new applications for fungicides. We are already represented with the proven grain mildew fungicide Calixin® and the growth regulator Cycocel® which increases the stability of stalks.

Deteriorating prices led to sharp competition in the insecticide market.

Agricultural chemicals provoke intense discussions about environmental protection. In close cooperation with the authorities, industrial associations and other organizations as well as the trade press we inform the public about the importance of plant protection for agriculture, for the economy as a whole and for the food supply of the expanding global population. It is our attempt to contribute to factual discussions.

The development of a new product incurs costs of DM 15–20 million of which 20–30 percent are for environmental studies such as toxicology and residue tests as well as for permits. We view the disproportionate rise of these costs with concern.

Dyestuffs and Auxiliaries

Sales of our wide selection of dyestuffs and auxiliaries continued to rise. Exports, especially to European countries, topped the sales gains. Competition and cost pressures still characterize this labor-intensive business.



In Cameroon, as in other countries, work-saving BASF herbicides are used with success in weed control



Continuous dyeing of textiles under production conditions in the application laboratory

Dyestuffs

We were very successful with dyestuffs for coloring and printing textiles. Basacryl® and Palanil® dyestuffs for synthetic fibers, Cottestren® for cellulose and polyester fibers blends were favorites. For dyeing cotton with Indanthren® our application laboratories developed simple and economic processes. Their introduction led to significant increases in sales. New products for textile printing which permit efficient processing without solvents, provide excellent color uniformity and a soft hand, gave substantial impetus to the sale of our Heli-zarin® dyestuffs and binders. Sales of our Heliogen® and Paliogen® pigments for the printing and coating industries were also considerably higher. Especially successful were Euthylen® pigment preparations for coloring polyethylene film.

Auxiliaries

Numerous new developments and process improvements contributed to the expansion of our market in this far-ranging sector. For example, our laboratories developed a process to envelop microscopically dispersed substances with an impermeable, pressure-sensitive plastic film. Such capsules containing dyestuff components are used for snap-out forms without carbons. Another development has led to the production of leather as soft as cloth for use in apparel. The process involves new glutar dialdehyde derivatives. We were also successful in synthesizing fat liquoring agents as substitutes for natural oils. In the paper industry the manufacture of special papers out of neutral or weak-acid medium is gaining importance. In this process our new surface-sizing agents have proved their advantages.

For the soap and detergent industry we supply surface-active and biologically degradable products as additives to laundry and cleaning products.

Chemicals

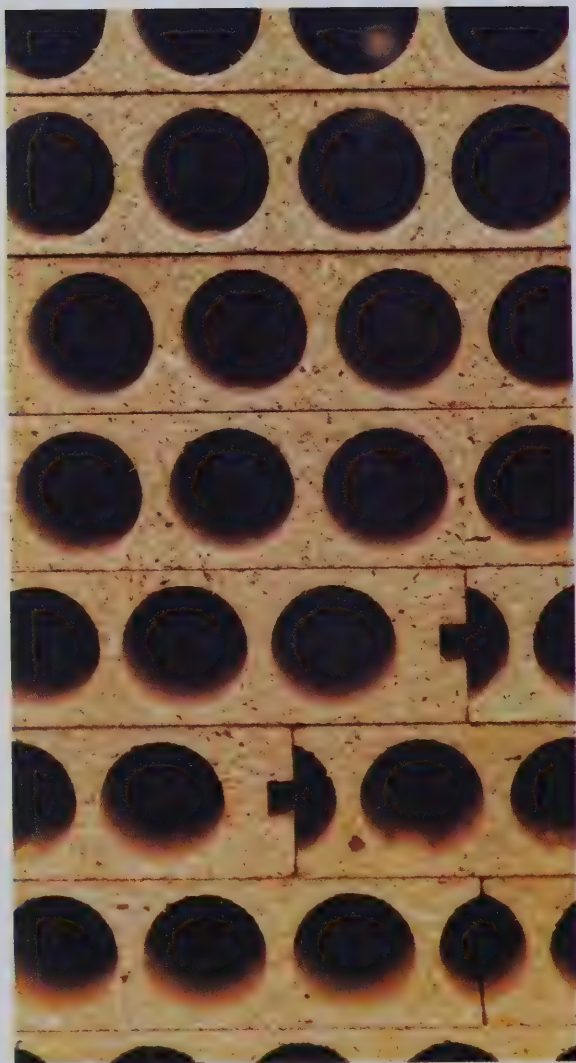
Sales of chemicals rose 9 percent.

Organic intermediates realized substantially higher sales, but prices developed unevenly. Intermediates for the production of specialty plastics advanced decisively in sales. The production capacities operated at a high level. For a number of products plant expansions are in progress.

Business in adhesives and impregnating resins was uneven and subject to stronger competitive pressures. Sales of our Kaurit® and especially of Kauramine® impregnating resins for particle boards with finished surfaces have increased. We have added an almost odorless binder for particle boards to our line. Kauresine® grades, our phenol resin adhesives, attracted greater interest. They are used in the production of weather-resistant particle boards for prefabricated housing. In addition we expanded our product line. To secure our position in adhesives we put another 100,000 metric ton-per-year plant for the intermediate formaldehyde on stream. Our activities in additives for animal fodder, especially in vitamins, were intensified. Luprosil®, a preserver for mixed fodder, found good acceptance. For the pharmaceutical industry we offer a number of vitamin formulations.

Proceeds from plasticizers fell far short of our expectations because price deterioration persisted until mid-year. Subsequent price corrections failed to achieve a satisfactory profit level.

Sales of solvents increased during the second half of the year spurred largely by a rising demand for



Insulating wall components for pre-fabricated housing made out of sawdust and our Kaurit binders

several plastics. We have added dimethyl acetamide which is made in a continuous process developed by us. It is suitable as a spinning solvent for polyacryl nitrile fibers, as a solvent for plastics and as a selective extractant for gases and oils. We continue to expand the market position for ethylene oxide and its derivatives. Surplus European capacities in propylene oxide and propylene glycol resulted in intensified competition.



Gluings non-woven carpets to concrete with dispersions

Dispersions

Sales of acrylic monomers and polymer dispersions increased substantially, but the gain in sales was impaired by lagging proceeds. The capacities operated at high levels.

Among our dispersions sales of Acronal® grades for paints and adhesives developed well. Acronal 290 D accounted for a large share of the gain. The reputation of its excellent multi-faceted properties as a binder for coatings and plaster has been established for a number of years. The range of paint dispersions was supplemented by new products tailor-made for specific applications. Among the adhesive dispersions Acronal 81 D scored strong gains. The product is used for formulating adhesives free of solvents and as a sealant. In spite of intensified competition in paper coating dispersions and binders for textile floor coverings, the high quality of our products helped to strengthen our market position.

For many years non-woven glass fiber fabrics have proved their advantages in the construction industry. We supply urea-formaldehyde resins and plastic dispersions as binders for these fabrics. Our Urecoll® and Acronal grades permitted us to secure our market position in this area.

More and more disposables consist of non-woven fabrics. Our application laboratories succeeded in developing new reinforcing techniques and special binders.

The dispersions plant at BASF Española S. A. in Tarragona operated at capacity. The necessary expansion will be completed in 1973.

Coatings

The Coatings Division handles the Glasurit and Herbol activities of BASF Farben + Fasern AG. In general business was satisfactory. Lower automotive production affected the sale of industrial coatings adversely. Beck, a division of Glasurit, increased its sales of electrical insulation coatings in Germany and abroad significantly.

The production capacity of the Hilstrup works was expanded with the installation of a largely automated industrial coatings production facility. The entire effluent of the works is now being processed in a newly-built treatment facility.

For industries using coatings we offer new opportunities for greater efficiencies with the development of a solvent-free coating that dries within seconds even at room temperature upon exposure to ultraviolet or electron rays. Increasing customer interest focused on the Glassit® Color process in which layers of special pigment-free transparent lacquers are cured by ultraviolet rays to produce a protective coating.

Our efforts to substitute water for organic solvents in coatings led to several products new to our line. New developments in coatings for buildings permit the painter to use industrial processing methods such as dipping, pouring, flooding or high-pressure airless spraying. Our new wallpaint Zenit® is an easy-to-apply, one-coat system. New comprehensive systems are constantly being added to our line. The Herbol heat insulation system Hepal® has won special attention in its application as an insulator for buildings. It consists of adhesives, foamed boards and plastic dispersions.



Painting airplane components with Herbol lacquers

Special Colors

The Special Colors Division conducts its business within BASF Farben + Fasern AG and includes activities in special pigments (Siegle and Rasquin) and printing inks (Kast + Ehinger). Sales of pigments and pigment preparations corresponded to the relatively favorable market development in Germany. Of special note are the distinct gains in sales made by red, orange and yellow pigments for coloring plastics and for automotive lacquers. Higher exports and, in particular, increased production by our Dutch and French companies contributed to above-average advances abroad. New efficiency measures, better utilization of capacities and advantageous purchases of supplies helped to offset a rise in costs.

In Besigheim, site of the main works for the production of special colors, an effluent treatment plant was built.

Strong price competition still characterized the sale of printing inks in Germany. Pressures created by raw material and labor costs prevented an improvement of earnings in spite of higher sales. In printing inks, too, business abroad grew faster than in Germany primarily due to the achievements of the production companies in other countries.



Testing Siegle ceramic colors in the Besigheim works

Magnetic Recording Media and Nyloprint®

Magnetic recording media and Nyloprint scored above-average gains. The increase in sales totalled 31 percent. Earnings rose correspondingly. We have therefore expanded our European plants, enlarged capacities and strengthened distribution and customer service.

Magnetic recording media

Our tape and compact cassette production operated at full capacity. Briefly demand for compact cassettes exceeded our ability to deliver in particular SM[®] (Special Mechanics) cassettes. Our activities in recorded cassettes and records, begun in 1971, were intensified. Business fulfilled our expectations. We succeeded in realizing a profit. In October 1972 we introduced chromium dioxide music cassettes recorded by the tape-noise-surpressing Dolby method. These cassettes are equipped with Special Mechanics and represent a new quality standard in sound reproduction. Our well-established line of recorders has been augmented by cassette recorders featuring an automatic chromium dioxide switch. With the start up of chromium dioxide magnetic pigment production we became independent of suppliers. The leasing of electronic data processing equipment continued to develop well. New equipment was introduced and we continued to expand the service and sales organization. Our line of disk packs and computer tapes was enlarged, our market position strengthened. The high quality of our products for electronic data processing enjoys a good reputation.



Coating magnetic disks in the Willstätt works

Nyloprint

Business in Nyloprint printing plates continued to develop well. Sales increases exceeded our expectations. Decisive gains were made in European countries and overseas. In order to open yet wider applications for the Nyloprint printing plate we developed an efficient magnetic mounting system under the tradename Nylospeed[®]. The system was introduced at the DRUPA, the International Printing Equipment Show in Duesseldorf, Germany. This improvement of the Nyloprint system allows medium-sized and small printers to be more competitive.



"Nylospeed", a rapid and efficient system for mounting Nyloprint plates on the printing press.

Pharmaceuticals

In 1972 BASF Group sales of pharmaceutical specialties by Nordmark Werke and the companies in the Laboratoires Biosedra group, in which BASF holds a 50 percent interest, exceeded DM 100 million for the first time. Good gains in both inland markets helped to compensate for some reductions in exports by both companies. The expansion of research and development continued as planned. Altogether we spent approximately DM 20 million for this purpose in 1972. The research developments included a sulfonamide preparation for the treatment of intestinal infections and a drug for oral treatment of venous diseases. Both specialties will be introduced in 1973.



Automatic device for the quantitative analysis of blood plasma substances in medical-biological research laboratories; a computer controls the analytical process and the quality of the analysis and delivers the evaluation

Regional Divisions

North America

The companies of the BASF Group in the United States and Canada employ nearly 11,000 people. Sales in North America increased 21 percent to DM 1.50 billion. The gain was almost exclusively attributable to products manufactured in North America. Their share of the total sales represented approximately 85 percent. The growth rate of profits exceeded that of sales. The modernized facilities and favorable utilization even of newly-built capacities operated by the companies in the United States, contributed to this achievement. In addition the overall economic upturn spurred their business.

BASF Wyandotte Corporation put a 45,000 metric ton-per-year plant for the production of polyols (urethane intermediates) on stream at its Geismar works in Louisiana. Like the 58,000 metric ton-per-year phthalic anhydride plant, built in South Kearny in 1971, the Geismar installation operated at full capacity soon after it went on stream. The modernization of the chlor-alkali electrolysis in Geismar improved the economics of the facilities significantly and met environmental requirements. A continuing brisk demand enabled the Dow Badische Company to increase sales of its fibers and chemicals substantially. The fashion trend to knitted goods in women's and men's apparel contributed to a growing need for polyester yarn. At the same time extensive building activities caused a significant increase in demand for textile floor coverings. Accordingly Dow Badische expanded its existing capacities for polyester and nylon carpet yarn.

In keeping with the general economic upswing in the United States conditions have also improved for

the suppliers of electronic and data processing accessories. BASF Systems completed decisive efficiency measures, achieved a high quality standard, improved its marketing and introduced new products. In spite of these efforts persistent low prices caused the company to end this year, too, with a loss. The company was merged into BASF Wyandotte at the end of August 1972 and operates as an independent division.

In Canada our line of products made domestically was expanded with the oxo alcohol plant start-up at Laval near Montreal.

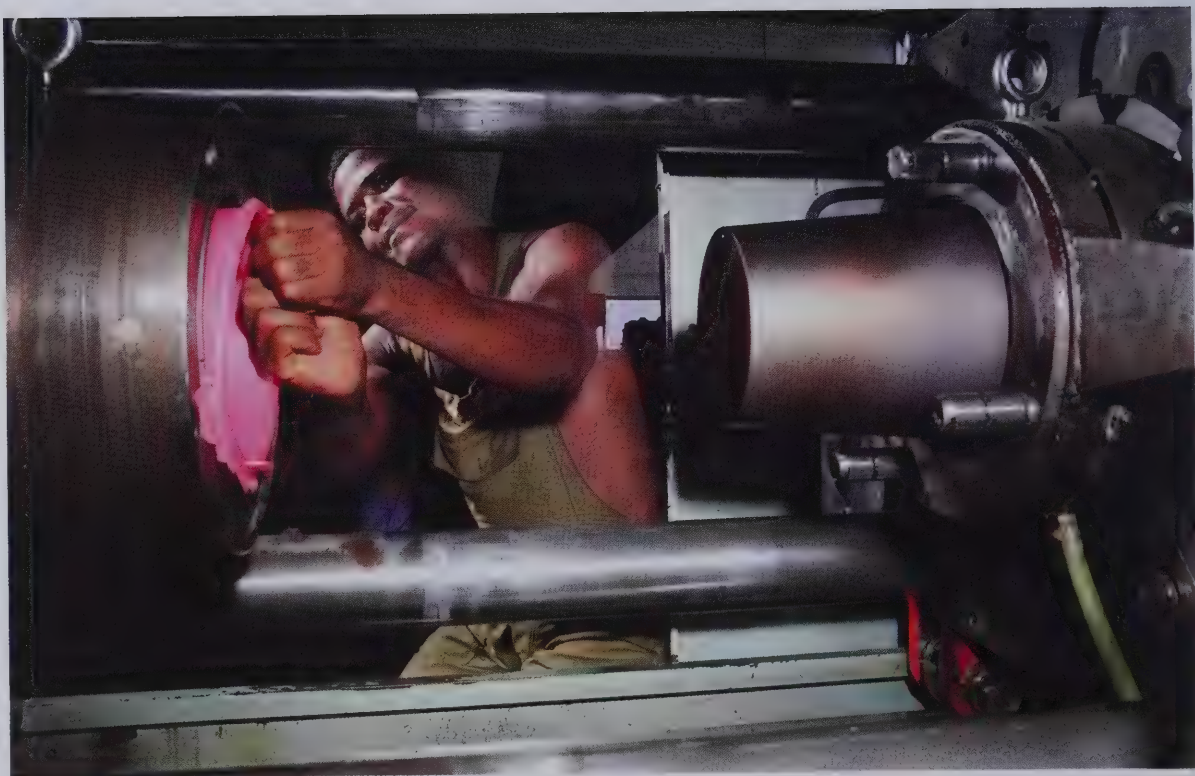
Latin America

The BASF Group is represented in Latin America with 25 subsidiaries and affiliates which employ approximately 4,000 local citizens in 29 countries. In spite of the varying economic developments in these countries sales increased to DM 542 million and earnings improved.

High growth rates were realized particularly in Brazil. Because of its rapid economic development we achieved approximately half of our Latin American sales there. Sales from our production plants in Latin America increased to DM 230 million. In Argentina new plants for Styropor and dispersions, and in Brazil for magnetic tapes were built. Exports from European members of the BASF Group to Latin America rose 14 percent.



Flotation docks made with Styropor in a Los Angeles marina



Production of plastic pails out of Lupolen plastic in Cameroon

Africa and West Asia

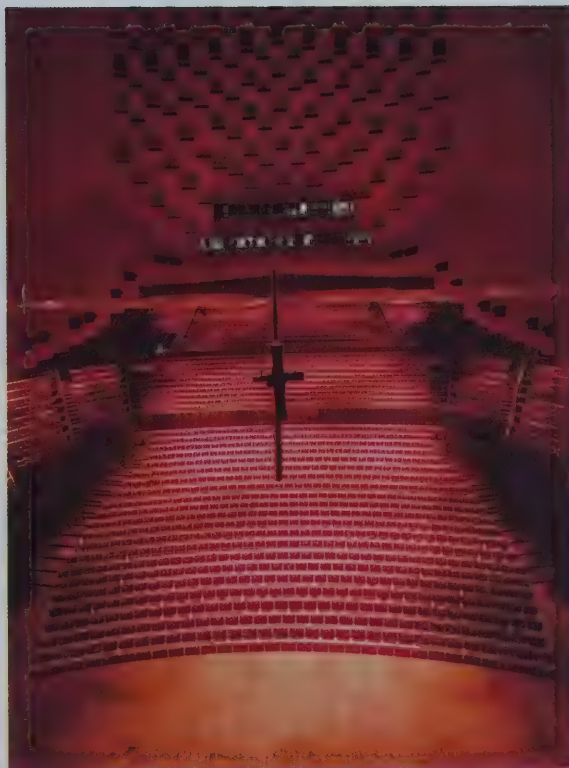
With an increase of 14.5 percent sales rose to DM 285 million. Our exports to countries in this region led to improved earnings compared to the previous year. While the monetary measures of 1971 still had an appreciable effect on business during the first months of 1972, sales in all product areas developed favorably in the second half of the year. Business was particularly good in Turkey, Iran and Morocco. Our sales organization was strengthened in several areas. In 31 countries of the region we are represented with 15 BASF-owned companies and more than 20 independent sales agencies.

The production facilities of our affiliate BASF-Sümerbank, Istanbul, operated at high levels. Satisfactory earnings were achieved.

South and East Asia, and Australia

In 27 countries of this region BASF operates 16 affiliates with approximately 1,600 employees. Sales increased to DM 451 million.

Exports continued to account for the largest share of the business volume. In the first months of 1972 the same hindrances experienced in the previous year continued to affect our business. Among these were the economic difficulties, political conflicts in some countries and the monetary measures instituted in 1971. The satisfactory development of business in the second half-year led to gains in sales particularly for dyestuffs and auxiliaries, chemicals, plastics, magnetic recording media and Nyloprint.



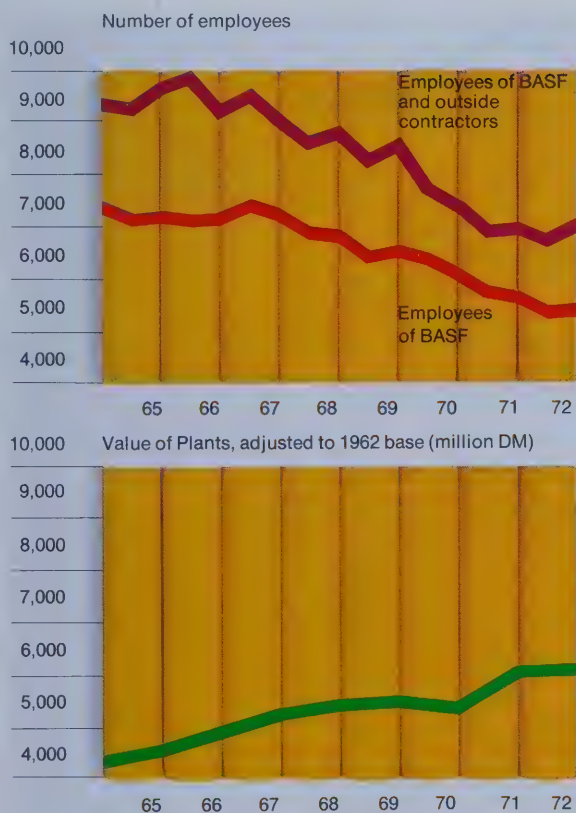
The new opera house in Sidney features polyurethane-upholstered seats made out of raw materials from BASF; foaming techniques provide designers a multitude of opportunities for creating new forms in seating and decorating

Japan, Hongkong, Australia and Thailand scored the highest gains. On the Indian subcontinent sales which had been impaired by the Indo-Pakistani conflict, again reached normal levels. Exports rose in the second half of the year. Our Japanese, Australian and Indian production operations, especially in Styropor, developed satisfactorily.



The exact measurement of tensions provides the data for designing anatomically-correct and properly engineered plastic chairs

Maintenance Personnel



Other Activities

Engineering and Construction

The operation of our production facilities was assured even though the availability of maintenance specialists in Ludwigshafen continued to decline. By adopting efficiency measures in workshops and tightening the organization we succeeded in compensating for this difficulty. Increased capital expenditures in Ludwigshafen as well as planning and construction of plants for third parties, e.g. the Soviet Union, taxed our engineering offices to the limit.

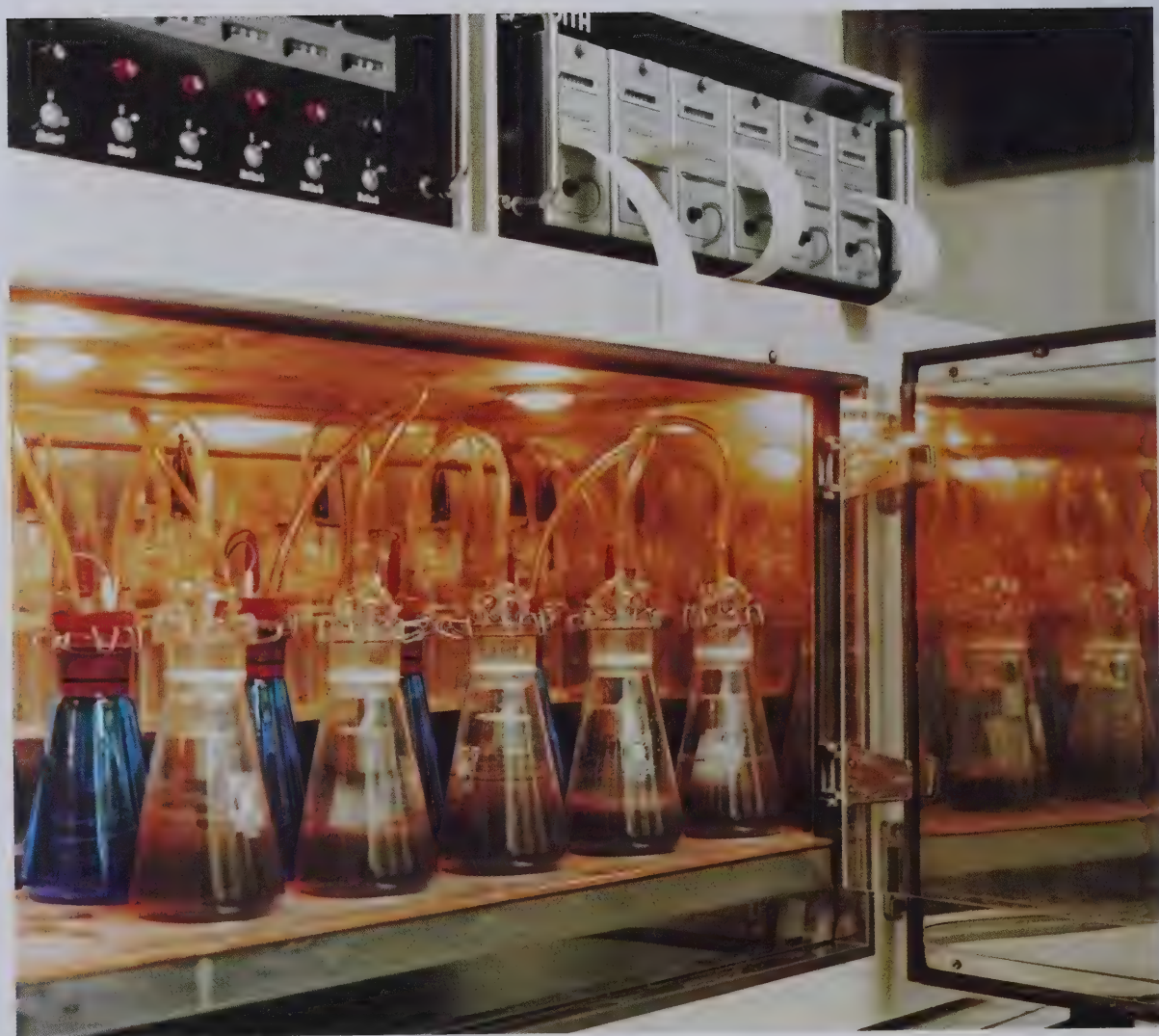
To assure the long-term power supply for the Ludwigshafen complex we continued to pursue our efforts to obtain authorization for the projected atomic power plant in Ludwigshafen. In 1972 the atomic reactor safety commission deliberated our response to the additional questions on safety raised by the commission in 1970. The proposed technical solutions meet even the most stringent safety requirements.

Environmental Protection

Throughout the BASF Group more and more importance is being accorded to environmental protection. To achieve the best possible coordination we have organized the related departments into a newly-established Environmental Protection Division.

A "Committee for the Environment" under the leadership of the Chairman of the Board of Executive Directors deals in particular with problems which the Ludwigshafen works create for the environment and which the environment imposes on the works. The results of the committee's studies are made available to all companies in the Group.

By replacing outdated facilities with modern large-scale units, by adopting systematic efforts to prevent malfunctions and by instituting improvements in the organization of our maintenance facilities, we succeeded in reducing our maintenance staff, although additions to plants and equipment of BASF amounted to 33 percent during the period under view.



Automatic analysis of effluent samples in the laboratory of the pilot plant for the new effluent treatment facilities being built for the Ludwigshafen works

In December 1972 construction began of a large effluent treatment plant in Ludwigshafen. It will be put into operation at the end of 1974. The plant includes 5 aeration basins, each the size of two football fields. The costs for effluent treatment already incurred at this site and the sums still to be expended will exceed DM 300 million significantly. Sometimes emissions from the Ludwigshafen works occur due to malfunctions. To meet such problems rapidly and effectively we increased the staff of monitors substantially and built a central monitor station which operates around the clock with the most modern measuring instruments. The expenditures of our companies for environmental protection have increased; for instance, in Ludwigshafen DM 110 million were spent, of which DM 50 million represented expenditures for plant and equipment and DM 60 million for operations.

Purchasing

Central Purchasing coordinates not only the supplies for BASF AG but also the purchasing activities of the BASF Group companies. Price increases in equipment and services were principally due to higher labor costs. Early in the year we benefitted occasionally by prices for raw materials and chemicals depressed by surplus stocks and underutilized capacities. In the last quarter increasing demand, in particular for petrochemical products, caused a turnabout and signaled a period of higher prices.

Distribution

The cooperation among the BASF companies was intensified and led to cost reductions in some areas. The quantity of transported goods in the Ludwigshafen works rose by 4 percent to about 17 million metric tons. Incoming and outgoing freight totalled about 12 million metric tons of which 28 percent was carried on rails, 26 percent by truck and 46 percent by waterway shipping.

We continued to raise the efficiency of our warehousing, transport and packaging operations. In Germany we were faced with a 5–10 percent increase in transportation rates. Internationally we were able to hold freight rates at the level of the previous year.

Sales Coordination

Sales coordination is responsible for central marketing and the sales organization of BASF AG in Europe. The rise in cost of sales was offset in part by higher efficiency and the extension of on-line order processing to regional sales offices in Europe. In addition, comprehensive training, in particular intensified sales training for our employees in the entire Group, relieved cost pressures. In European markets product and institutional advertising was increased.



Transporting liquid sulfur in spécial barges on the Rhine

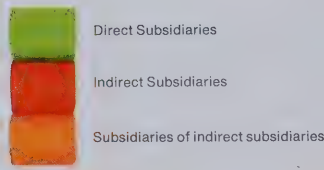
We have begun to tighten the sales organization of the BASF Group by streamlining functions and by introducing new marketing concepts. In line with our trade policies we tried to minimize protectionistic trends in the world market. We were prepared for the new market conditions created by the expansion of the European Economic Community and by the association of the other EFTA countries. Comprehensive analyses had been completed beforehand.

Major Subsidiaries

at least 50 percent BASF-owned; simplified diagram

Germany

Abroad



Ammoniak Unie B.V., Utrecht, Netherlands Capital Stock: 16 million Dutch Guilders	50 %
Badische Phillips Petroleum N.V., Antwerp, Belgium Capital Stock: 200 million Belgian Francs	50 %
BASF Antwerpen N.V., Antwerp, Belgium Capital Stock: 4,000 million Belgian Francs	100 %
BASF Canada Ltd., Montreal, Canada ¹ Capital Stock: 34.7 Canadian Dollars	100 %
BASF Española S. A., Barcelona, Spain Capital Stock: 1,000 million Pesetas	75 %
BASF India Ltd., Bombay, India Capital Stock: 7 million Ind. Rupees	50 %
BASF-Sümerbank Türk Kimya Sanayii A. S., Istanbul, Turkey Capital Stock: 60 million Turkish Pounds	60 %
Compagnie Chimique de la Méditerranée, Berre-l'Etang, France Capital Stock: 30 million French Francs	50 %
Danubia Olefinwerke Ges.m.b.H., Schwechat near Vienna, Austria Capital Stock: 150 million Austrian Shillings	50 %
Dispersions Plastiques S.A., Paris, France Capital Stock: 10 million French Francs	50 %
Marles-Kuhlmann-Wyandotte S. A., Paris, France Capital Stock: 53.9 million French Francs	50 %
Suma S. A., Glen (Loiret), France Capital Stock: 6.1 million French Francs	100 %

BASF-Chemiewerte AG, Kilchberg/Zurich, Switzerland Capital Stock: 10 million Swiss Francs	100 %
BASF Australia Ltd., Melbourne, Australia Capital Stock: 2.8 million Australian Dollars	100 %
Pigment Manufacturers of Australia Ltd., Laverton, Australia Capital Stock: 1.6 million Australian Dollars	50 %
Yuka Badische Company Ltd., Yokkaichi, Japan Capital Stock: 600 million Yen	50 %
BASF Holding AG, Zurich, Switzerland Capital Stock: 50 million Swiss Francs	100 %
39 sales companies	
BASF Overzee N. V., Willemstad, Netherlands Antilles Capital Stock: 131.8 million Neth. Antilles Guilders	100 %
BASF Wyandotte Corporation, Wyandotte, Mich., USA Capital: 131.9 million U.S. Dollars	100 %
Dow Badische Company, Williamsburg, Va., USA Capital Stock: 111.2 million U.S. Dollars	50 %
5 subsidiaries	
BASF Transatlantica S. A., Panama Capital Stock: 14 million U.S. Dollars	100 %
BASF Argentina S.A.I.C.I.F. y M., Buenos Aires, Argentina Capital Stock: 12.2 million Argentinian Pesos	100 %
BASF Brasileira S. A., Industrias Químicas São Paulo, Brazil Capital Stock: 78.3 million Cruzeiros	100 %
BASF Mexicana S. A., Mexico, D.F., Mexico Capital Stock: 37.5 million Mexican Pesos	100 %
BASF Quimica Colombiana S. A., Bogota, Columbia Capital Stock: 23.2 million Columbian Pesos	100 %
Glasurit do Brasil S. A., São Bernardo do Campo, Brazil Capital Stock: 29.6 million Cruzeiros	about 60 %
Sulfisud S. A., Buenos Aires, Argentina Capital Stock: 1.5 million Argentinian Pesos	50 %

Altogether 279 Companies

As of January 1, 1973

¹ through Canapol Chemie-Beteiligungs-GmbH

Major Subsidiaries and Affiliates Germany

BASF Farben + Fasern AG, Hamburg

Holding acquired: 1967/1972
Capital stock: DM 211 million (since January 1973 DM 215 million)

Holding: 100 percent
Products: Protective coatings and paints, printing inks, special pigments, fibers and fiber technology

Employees: 8,012
Capital expenditures: DM 44.6 million
** Sales:* DM 665.5 million
*** Pre-tax earnings:* DM 60.5 million

Sales of BASF Farben + Fasern AG and its subsidiaries totalled DM 736.2 million.

For a report on its activities in coatings see page 40, and in printing inks and special pigments see page 41.

Activities in fiber customer service and research effectively supported the marketing of fiber raw materials of BASF AG.

□ Lutravil Spinnvlies GmbH & Co, Kaiserslautern (capital stock: DM 10 million; holding: 50 percent, 50 percent Freudenberg & Co., Weinheim).

The BASF AG holding was transferred to BASF Farben + Fasern AG on December 31, 1972.

Operations are still in the start-up phase. Consequently a positive result could not be achieved in 1972.

BASF Kraftwerk Marl GmbH, Marl

Holding acquired: 1962
Capital stock: DM 25 million
Holding: 100 percent (profit transfer agreement)

Products: Electricity
Employees: 220
Capital expenditures: DM 0.5 million
Sales: DM 48.3 million
Pre-tax earnings: DM 3.4 million

The plant burns low-grade coal supplied exclusively by our neighboring Auguste Victoria mine. Of the 1,450 million kilowatt hours generated 1,280 million were transmitted via the RWE grid to BASF Ludwigshafen and 74 million to the mine.

Elastogran GmbH, Lemförde

Holding acquired: 1969
Capital stock: DM 30 million
Holding: 100 percent
Products: Polyurethane systems, machinery and plants for polyurethane processing, semi-finished and finished products

Employees: 1,176 (group)
Capital expenditures: DM 6.7 million (group)
Sales: DM 166.7 million (group)

Pre-tax earnings: DM 9.1 million (group)

Business developed satisfactorily in the first year following BASF AG's full acquisition of the company. Sales of Elastogran's German companies advanced 24 percent. Earnings improved significantly compared to last year. The business of its subsidiary Elastomer AG normalized. Sales

* net sales, in this case and for the following companies

** the data excludes income taxes in the case of this and the following companies, except those with profit transfer agreements; in the latter case pre-tax earnings exclude corporation taxes



Ski boots out of polyurethane; after the urethane chemicals are poured into a metal form, they foam slightly and cure simultaneously

and earnings of Elastomer's affiliates abroad developed favorably.

Upon acquisition of Elastogran GmbH it was agreed with the seller that the contracts between Elastogran and VEB Synthesewerk Schwarzheide, located in the German Democratic Republic, would be fulfilled by Elastogran GmbH and that the seller should receive the earnings of Elastogran GmbH resulting from the Schwarzheide project. These arrangements caused considerable difficulties. On the basis of unjustified arguments VEB Synthesewerk Schwarzheide has withheld the contractual payments to Elastogran GmbH. Elastogran GmbH has already brought two petitions against VEB Synthesewerk Schwarzheide before a Stockholm arbitration court claiming a payment of about DM 40 million. VEB Schwarzheide in turn has claimed damages in the amount of DM 20 million. Primarily for the reason that Schwarzheide has withheld the payments, the seller has sued BASF AG in a German arbitration court for damages in the amount of about DM 21 million. This claim is being contested. In support of its own claims BASF AG has countersued.

Gewerkschaft Auguste Victoria, Marl

Holding acquired: 1907/1953
Capital stock: DM 30 million
Holding: 100 percent
Products: Coal
Employees: 5,393
Capital expenditures: DM 5.9 million
Sales: DM 208.2 million
Pre-tax earnings: DM 4.1 million

Declining demand, evident particularly in the second half of the year, depressed the bituminous coal market. Gewerkschaft Auguste Victoria, too, experienced growing market resistance. Its stock piles increased by about 0.1 million metric tons.

The mine's bituminous coal output of 2.6 million metric tons equalled the preceding years' level. Its productivity increased 3.9 percent to 4.5 tons per man and shift. Higher expenses were incurred in preparation for mining deeper seams.

Sales increased 3.7 percent to DM 140.6 million.

Nordmark-Werke GmbH, Hamburg

Holding acquired: 1968
Capital stock: DM 20 million
Holding: 100 percent (profit transfer agreement)
Products: Pharmaceuticals
Employees: 995
Capital expenditures: DM 2.9 million
Sales: DM 73.5 million
Pre-tax earnings: DM 11.7 million

Sales in Germany rose 9.2 percent but lagged in some markets abroad due to last year's changes in currency parities.

Capital expenditures were primarily spent for replacements and efficiency improvements.

Rheinische Olefinwerke GmbH, Wesseling (ROW)

Holding acquired: 1953
Capital stock: DM 300 million
Holding: 50 percent (50 percent Deutsche Shell AG, profit transfer agreement)
Products: Polyolefines, styrene, butadiene, epoxy resins
Employees: 3,431
Capital expenditures: DM 259 million
Sales: DM 764 million
Pre-tax earnings: DM 11 million

Sales of polyolefines marketed by BASF under the tradenames Lupolen®, Oppanol®, Novolen®, and Lucobit®, were again increased. As the result of strong competition the volume of Epikote® resins sold by Deutsche Shell Chemie Gesellschaft mbH did not fully meet expectations. In the course of the year prices of polyolefines stabilized. The company's sales were about 4 percent higher.

Continuing cost increases in this sector of business were offset only in part by additional efficiency measures.

Higher depreciations and interest expenses, as well as start-up costs for new plants, contributed to a decrease in earnings.

As part of an expansion program an ethylene and an Epikote plant as well as additional power facilities were put in operation.

Wintershall AG, Celle/Kassel

Holding acquired: 1968/1969

Capital stock: DM 176 million

Holding: More than 95 percent (control agreement)

Products: Petroleum products, crude oil, natural gas, fertilizers, chemicals and rock salts (group)

Employees: 3,179

Capital expenditures: DM 45.8 million

Sales: DM 1,119.3 million

Pre-tax earnings: DM 71.1 million

The Wintershall group sales increased 16.4 percent. It continues to be primarily active in oil and fertilizers. The net income of Wintershall AG of DM 33.6 million permitted, after the transfer of DM 10 million to reserves, a dividend of DM 6.75 per DM 50 share. For details on the development of business see "Oil and Gas", page 33.

Until now it has not been possible to enter the integration of Wintershall AG into BASF into the Commercial Register. After the contesting action, brought by two stockholders against the integration, was also rejected by the court of second instance they have appealed.

In the proceedings concerning the adequateness of indemnity and compensation as provided in the BASF/Wintershall Control Agreement a decision has not yet been reached.

In connection with the capital increase of Salzdetfurth AG, Wintershall AG transferred its 42.85 percent interest in Kali und Salz (old) as contribution in kind to Salzdetfurth AG. Consequently, Salzdetfurth held more than 90 percent of Kali und Salz (old). In turn Kali und Salz was merged into Salzdetfurth. Burbach-Kaliwerke AG was compensated for its 7.15 percent holding in Kali und Salz (old) by Salzdetfurth shares. Salzdetfurth changed its name to Kali und Salz AG (= Kali und Salz, new) and moved its headquarters to Kassel. The capital stock of Kali und Salz (new) totals DM 250 million of which Wintershall AG, together with Burbach-Kaliwerke AG, hold 71.8 percent. For the benefit of the minority stockholders, Wintershall agreed to make it possible for Kali und Salz to pay a dividend of 5 percent for the fiscal years 1972 to 1976, in case Kali und Salz did not realize profit sufficient for the above dividends. A contesting action was brought against the decision of the Salzdetfurth annual meeting for a capital increase. Reports on affiliates of Wintershall AG:

☐ Kali und Salz AG, Kassel

(Capital stock DM 250 million, holding 71.8 percent together with Burbach-Kaliwerke AG, employees 9,450)

Kali und Salz (new) holds the domestic and foreign interests of the former Salzdetfurth AG, in particular of the German companies Chemische Fabrik Kalk and Compo GmbH Produktions- und Vertriebsgesellschaft.

Business in potassium salts was characterized by overcapacities on the world market and modest growth rates.

Sales of the new Kali und Salz AG of DM 456.2 million do not include the January 1 – May 31, 1972 sales of the former Kali und Salz AG.

In 1972 potassium salt production of 2,150,000 metric tons K_2O by the 13 plants reached the preceding year's level. Sales out of the company's production rose 4.7 percent to 2,168,000 metric tons K_2O . This increase was attributed exclusively to exports which account for more than 50 percent of total sales.

In Germany, the volume of sales of potassium salt fertilizers for direct application in agriculture increased slightly. The share of the granulated grades continued to rise.

Sales of Thomaskali® and chemicals again developed favorably. The sales volume of rock salt was not satisfactory due to reduced road salt sales. Among the affiliates, Chemische Fabrik Kalk GmbH (capital stock DM 30 million) increased its sales 12 percent to DM 267 million. Business of the potassium salt enterprises in Canada and at the Great Salt Lake in the U.S. continued to be subject to adversities. The Saskatchewan government regulation restricting production to achieve market stabilization led again to a loss for Alwinal Potash of Canada Ltd. in which Kali und Salz holds 50 percent. The potassium sulfate plant at the Great Salt Lake operated only for a few months as a result of the extremely low 1971/1972 salt harvest. The stockholders had to provide additional financing. Due to extraordinary charges, especially those incurred by former Salzdetfurth activities, Kali und Salz ended the year with a deficit.

BASF shares with a total nominal value of DM 188,000, held by Salzdetfurth AG prior to the acquisition of the majority interest in the company by Wintershall, were sold for DM 629,000. The proceeds were utilized for current operating expenses.

□ Erdöl-Raffinerie Mannheim GmbH, Mannheim, (Capital stock DM 60 million, holding 60 percent) As a result of temporary unfavorable market and price conditions in heating oils the company could only increase its sales 4.8 percent to DM 469.5 million despite its expanded production facilities. Earnings did not reach last year's level.

□ Gewerkschaft Victor, Castrop-Rauxel (Capital stock DM 50 million, holding 50 percent). Sales increased to DM 175 million. Earnings were satisfactory.

□ Guano-Werke AG, Hamburg (Capital stock DM 16.8 million, holding 97.1 percent). Sales rose to DM 167.8 million and the resulting earnings enabled the company to reduce its loss carryforward.

□ Produits et Engrais Chimiques du Rhin S.A. (PEC-RHIN), Ottmarsheim, France (Capital stock 159 million French Francs, holding 50 percent). On account of technical difficulties in the company's production facilities the output failed to reach the targeted performance. The company operated again at a loss.

□ S. A. Belge pour le Raffinage de Pétrole – Albatros –, Antwerp (Capital stock 750 million Belgian Francs) In accordance with contract terms Wintershall AG increased its holding in Albatros to 49.9 percent. Wintershall processed again 0.5 million metric tons crude oil in this refinery. Sales totalled 697 million Belgian Francs. Earnings were satisfactory.

Ultraform GmbH, Ludwigshafen

Holding acquired: 1969

Capital stock: DM 14 million

Holding: 50 percent (50 percent
Degussa)

Products: Polyformaldehyde and
trioxane

Employees: 46

The company expanded its polyformaldehyde line substantially. Sales increased, but fell short of expectations because of the slow growth of the polyformaldehyde market.

In 1972 the company still showed a loss. At the beginning of 1973 an appreciable upswing occurred.

Abroad

Ammoniak Unie B.V., Utrecht, Netherlands

Holding acquired: 1965
Capital stock: 16 million Dutch Guilders
Holding: 50 percent (50 percent Unie van Kunstmestfabrieken B.V.)
Products: Ammonia
Employees: 40
Capital expenditures: 3.5 million Dutch Guilders
Sales: 41.4 million Dutch Guilders
Pre-tax earnings: 1.9 million Dutch Guilders
The plant capacity was fully utilized. The ammonia output is shared by both partners.

Badische Phillips Petroleum N.V., Antwerp, Belgium

Holding acquired: 1966
Capital stock: 200 million Belg. Francs
Holding: 50 percent (50 percent Phillips Petroleum Company)
Products: Polyvinyl chloride
Employees: (operated by BASF Antwerpen N.V.)
Capital expenditures: 3.1 million Belg. Francs
Sales: 78.0 million Belg. Francs
Pre-tax earnings: 8.0 million Francs
The plant operated at capacity. Each of the two partners sold half of the output.



Transporting plastic granule containers, an example of modern materials handling in the Antwerp works

BASF Antwerpen N.V., Antwerp, Belgium

Holding acquired: 1964
Capital stock: 4,000 million Belg. Francs
Holding: 100 percent
Products: Nitrophoska®, caprolactam, ammonium sulfate, low-density polyethylene, vinyl chloride, ethylene oxide, glycol, ethyl benzene, polystyrene

Employees: 2,632
Capital expenditures: 565.1 million Belg. Francs
Sales: 8,778.0 million Belg. Francs
Pre-tax earnings: 869.2 million Belg. Francs
Sales increased 23.2 percent. Pre-tax earnings were considerably higher. The company's financial structure also improved as a result of the premature redemption of long-term loans and the formation of reserves.

Capital expenditures were largely concentrated on the completion of the 165,000 ton-per-year polystyrene plant. The facility, which went on stream in the fourth quarter, contributes significantly to the expansion of plastics production at the Antwerp site.

The other production plants operated at capacity. In several instances capacities were raised by debottlenecking the plants or by efficiency improvements.

BASF Española S.A., Barcelona, Spain

Holding acquired: 1966
Capital stock: 1,000 million Pesetas
Holding: 75 percent
(25 percent Arrahona S.A.)
Products: Oxo alcohols, phthalic anhydride, plasticizers, Styropor, plastic dispersions, textile auxiliaries, paint and varnish resins, plant protection products

Employees: 689
Capital expenditures: 115.3 million Pesetas
Sales: 3,144.0 million Pesetas
Pre-tax earnings: 103.2 million Pesetas
A sales increase of 36 percent helped the company to exceed the average growth rate of Spain's chemical industry and strengthened its position in the market. All plants operated at full capacity. Expansions are in progress.

Compagnie Chimique de la Méditerranée, Berre-l'Etang, France

Holding acquired: 1966
Capital stock: 30 million French Francs
Holding: 50 percent
(50 percent Shell Group)

Products: Polyethylene
Employees: 108
Capital expenditures: 5.0 million French Francs
Sales: 71.1 million French Francs
Pre-tax earnings: 3.8 million French Francs
In the first six months production and sales were significantly affected by strikes and a shut-down for

plant inspection. In the second half of the year the plant operated at capacity. Higher proceeds led to improved, but still inadequate earnings.

**Danubia Olefinwerke Ges. m. h. H.
Schwechat near Vienna, Austria**

Holding acquired: 1967
Capital stock: 150 million Austr. Shillings
Holding: 50 percent
 (50 percent Petrochemie
 Schwechat Ges. m. b. H.)
Products: Polyethylene
Employees: 156
Capital expenditures: 11.5 million Austr. Shillings
Sales: 361.9 million Austr. Shillings
Pre-tax earnings: 6.5 million Austr. Shillings

Because of an interruption in the supply of ethylene, output and sales did not reach the high levels achieved in the previous year. As a result the company's earnings were impaired. Capital expenditures were committed to environmental protection, production efficiencies and improvements of storage and workshop facilities.

Dispersion Plastiques S. A., Paris, France

Holding acquired: 1958
Capital stock: 10 million French Francs
Holding: 50 percent
 (50 percent Pechiney Ugine
 Kuhlmann)
Products: Styropor, plastic dispersions
Employees: 66
Capital expenditures: 11.4 million French Francs
Sales: 80.8 million French Francs

The sales increase of 40.5 percent is primarily due to merchant supplies of Styropor. The plant capacities were fully utilized. Styropor capacity was increased by 40 percent to 50,000 metric tons per year.

Marles-Kuhlmann-Wyandotte S. A., Paris, France

Holding acquired: 1972
Capital stock: 53.9 million French Francs
Holding: 50 percent (50 percent
 Pechiney Ugine Kuhlmann)
Products: Intermediates for
 polyurethanes
Employees: (plants are operated by
 Produits Chimiques Ugine
 Kuhlmann)

Capital expenditures: 54.4 million French Francs
Sales: 169.8 million French Francs
Pre-tax earnings: 2.8 million French Francs
 Sales of polyether polyols developed favorably. The enlarged plant operated near capacity. The company could not meet the demand for toluene diisocyanate (TDI) because expansion work at the plant led to a temporary reduction of output. Since year-end double the former TDI capacity, i. e. 35,000 metric tons per year, is available.

Suma S. A., Gien (Loiret), France

Holding acquired: 1962
Capital stock: 6.12 million French Francs
Holding: 100 percent
Products: Magnetic tapes, compact cassettes
Employees: 204
Capital expenditures: 3.9 million French Francs
Sales: 18.1 million French Francs
Pre-tax earnings: 2.4 million French Francs
 Sales increased 11 percent. Production capacities for compact cassettes were expanded. New products for radio and recording studios were added to the line. The company's manufacturing facilities operated at capacity.

BASF Canada Ltd., Montreal, Canada*

Holding acquired: 1954
Capital stock: Can. \$ 34.7 million
Holding: 100 percent (via Canapol Chemie-Beteiligungs-GmbH)
Products: Styropor, oxo alcohols, phthalic anhydride, plasticizers, auxiliaries
Employees: 478
Capital expenditures: Can. \$ 2.5 million
Sales: Can. \$ 32.8 million
Pre-tax earnings: Can. \$ 0.2 (after offset of losses by Canapol)
 Sales increased more than 10 percent. Styropor production was raised considerably. Proceeds from the sale of plasticizers and their intermediates were unsatisfactory and depressed earnings.

BASF Wyandotte Corporation, Wyandotte, Michigan, USA*

Holding acquired: 1970
Total stockholders' capital: US\$ 131.9 million
Holding: 100 percent
Products: Basic chemicals, organic chemicals, sanitizing chemicals, polyurethane intermediates, Styropor, dyestuffs and auxiliaries, magnetic recording media, tape cassettes
Employees: 4,959
Capital expenditures: US\$ 25.6 million
Sales: US\$ 316.4 million
Pre-tax earnings: US\$ 6.7 million.
 For a report on the company's operations see page 46. On August 31, 1972 BASF Systems Inc. was merged into BASF Wyandotte Corporation and now operates as BASF Systems Division. Excluding BASF Systems Inc., the company increased its sales 18 percent to US\$ 299 million and its earnings before taxes to US\$ 11.2 million.

* including its majority-owned affiliates

**Dow Badische Company, Williamsburg,
Virginia, USA***

Holding acquired: 1958
Capital stock: US\$ 111.2 (after capital reduction)
Holding: 50 percent (50 percent The Dow Chemical Company)
Products: Acrylic acid, acrylic esters, oxo alcohols, caprolactam; nylon, polyester and acrylic fibers
Employees: 5,471
Capital expenditures: US\$ 16.9 million
Sales: US\$ 233.3 million
Pre-tax earnings: US\$ 19.2 million

The company increased its sales by 18 percent. Earnings improved again.

For details about the company's activities see page 46.

In mid-year, the company acquired Lurex N. V., Amsterdam. The company's financial structure, improved by favorable earnings in the last two years, permitted the reduction of the capital stock by US\$ 60 million in December 1972.

**BASF Argentina S.A.I.C.I.F. y M., Buenos Aires,
Argentina**

Holding acquired: 1969
Capital stock: 12.2 million Arg. Pesos
Holding: almost 100 percent
Products: Styropor, plastic dispersions; leather, paper and textile auxiliaries
Employees: 261

Capital expenditures: 15.3 million Arg. Pesos
Sales: 98.3 million Arg. Pesos
Pre-tax earnings: 2.0 million Arg. Pesos
The Rosario works in the province Santa Fé went on stream at the end of 1972. It includes plants for the manufacture of Styropor, plastic dispersions as well as paper, leather and textile auxiliaries. All of BASF Argentina's production facilities are now located at this site.

**BASF Brasileira S.A., Indústrias Químicas,
São Paulo, Brazil**

Holding acquired: 1955
Capital stock: 78.3 million Cruzeiros
Holding: almost 100 percent
Products: Styropor, plastic dispersions, reducing agents, pigment preparations; textile, paper and leather auxiliaries; magnetic tapes

Employees: 1,127
Capital expenditures: 7.5 million Cruzeiros
Sales: 151.0 million Cruzeiros
Pre-tax earnings: 6.4 million Cruzeiros

* including its majority-owned affiliates

The company participated in the upswing of Brazil's economy and increased its sales substantially. In addition, the full utilization of production capacities contributed to the satisfactory development of earnings.

A plant for the manufacture of magnetic tapes went into production at the company's Guaratinguetá works.

BASF Mexicana S.A., México, D.F., México

Holding acquired: 1964
Capital stock: 37.5 million Mex. Pesos
Holding: almost 100 percent
Products: Styropor, auxiliaries, plastic dispersions, dyestuffs, fat liquoring agents
Employees: 217
Capital expenditures: 2.8 million Mex. Pesos
Sales: 98.6 million Mex. Pesos
Pre-tax earnings: 8.8 million Mex. Pesos

The economic recovery led to a significant sales increase. In addition, better operating efficiencies enhanced the improvement in earnings.

BASF Química Colombiana, S.A., Bogotá, Columbia

Holding acquired: 1969
Capital stock: 23.2 million Col. Pesos
Holding: almost 100 percent
Products: Plastic dispersions; paper, leather and textile auxiliaries; alkyd resins, dyestuffs, chemicals
Employees: 286
Capital expenditures: 11.5 million Col. Pesos
Sales: 179.5 million Col. Pesos
Pre-tax earnings: 21.3 million Col. Pesos
 In spite of lagging economic development early in the year sales continued to rise and earnings improved.

Glasurit do Brasil S.A., São Bernardo do Campo, Estado do São Paulo, Brazil

Holding acquired: 1967
Capital stock: 29.6 million Cruzeiros
Holding: approx. 60 percent
Products: Automotive paints, special protective coatings, plastic dispersion paints
Employees: 1,001
Capital expenditures: 7.6 million Cruzeiros
Sales: 129.5 million Cruzeiros
Pre-tax earnings: 10.9 million Cruzeiros
 Rising automobile production in Brazil led to higher demand for automotive lacquers. Sales of protective coatings increased considerably too.

**BASF – Sümerbank Türk Kimya Sanayii A.S.,
Istanbul, Turkey**

Holding acquired: 1969
Capital stock: 60 million Turk. Pounds
(authorized)
Holding: 60 percent
(40 percent Sümerbank)
Products: Formaldehyde, Kaurit®
adhesives, auxiliaries,
plastic dispersions, pigment
preparations

Employees: 111
Capital expenditures: 4.0 million Turk. Pounds
Sales: 52.7 million Turk. Pounds
Pre-tax earnings: 7.7 million Turk. Pounds
The improvement in business already realized at
the end of 1971 continued throughout the year.
Sales and earnings increased appreciably.
In the third quarter, production of pigment pre-
parations was started.

BASF Australia Ltd., Melbourne, Australia

Holding acquired: 1963
Capital stock: Austr.\$ 2.8 million
Holding: 100 percent
Products: Styropor, plastic dispersions,
auxiliaries
Employees: 188
Capital expenditures: Austr.\$ 0.4 million
Sales: Austr.\$ 13.0 million
Pre-tax earnings: Austr.\$ 0.3 million

In spite of the temporary softening of the Australian
economy, sales and earnings of the company
improved appreciably.

BASF India Ltd., Bombay, India

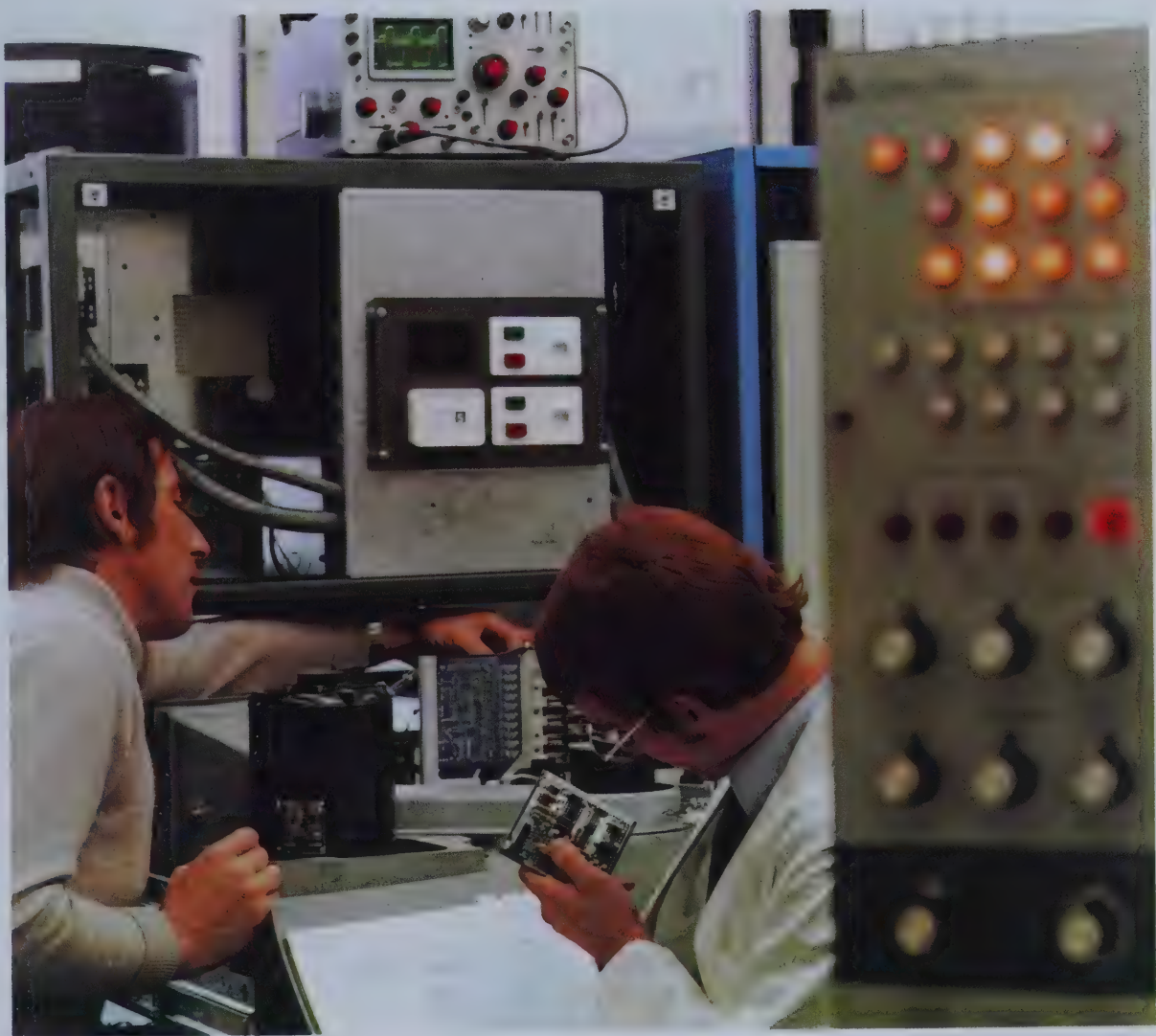
Holding acquired: 1960
Capital stock: 7 million Indian Rupees
Holding: 50 percent (50 percent
Indian shareholders)
Products: Styropor, foamed Styropor,
tanning agents, auxiliaries
Employees: 373

Capital expenditures: 1.0 million Indian Rupees
Sales: 33.5 million Indian Rupees
Pre-tax earnings: 3.2 million Indian Rupees
The company succeeded in increasing its sales and
earnings substantially, although it experi-
enced temporary shortages of raw materials.

**Yuka Badische Company, Ltd., Yokkaichi,
Mie Pref., Japan**

Holding acquired: 1962
Capital stock: 600 million Yen
Holding: 50 percent (50 percent
Mitsubishi Petrochemical)
Products: Styropor, plastic dispersions
Employees: 154
Capital expenditures: 375.5 million Yen
Sales: 4,222.9 million Yen
Pre-tax earnings: 547.2 million Yen

The Japanese plastics industry endured the
aftermath of a general recession. Nevertheless pro-
duction increased. In addition, cost cutting
measures contributed to improved earnings.



Training technicians for customer service at the Willstätt works

Employees

All employees contributed to the achievement of the BASF Group in 1972. We appreciate their conscientious and successful efforts.

Employees	Year-end		Change vs. 1971 in percent
	1971	1972	
BASF World	111,194	115,271	+ 3,7
BASF Group	93,022	104,054	+ 11,9
BASF AG	49,590	50,464	+ 1,8

The increase in BASF Group employment of 11,032 is principally due to the inclusion of additional subsidiaries such as the new Kali and Salz group. At year-end we had 85,105 employees in Germany, and 18,949 abroad. For the number of employees in major Group companies, see pages 58–70. The new federal law covering labor-management relations (Betriebsverfassungsgesetz), which became effective in January 1972, has posed new challenges for management, works councils and committees. We appreciate the cooperation of all participants. Employees of Group companies in Germany elected 714 members to their respective works councils, of whom 116 were released from their normal work in order to fulfill their new obligations. The 2,500 senior management employees of BASF AG voted in November in an election with 84 percent participation for a Committee of Spokesmen. Numerous factors will limit further expansion of employment in Ludwigshafen. To equal the attrition rate we have to hire almost 4,600 new employees each year. At the end of 1972 7.2 percent of the employees in the Ludwigshafen works were citizens of other countries.

In view of the tight labor market job mobility within the works continues to gain in importance. Nearly half the jobs offered could be filled internally. The fluctuation within our total employment declined from 10.0 to 8.4 percent and reached its lowest level in the past 10 years. In concurrence with the Works Council we abandoned the use of time clocks on March 1, 1973. This change represents a further contribution by management to overcome differences between wage and salaried personnel. Some sales offices have adopted staggered working hours on an experimental basis.

Personnel costs

The labor costs of BASF AG, including legally required and voluntary fringe benefits, totalled DM 1,566 million, an increase of 12.6 percent compared to the previous year. Wages and salaries advanced 8.6 percent to DM 1,274 million principally due to commitments incurred in 1971 and a new labor contract which became effective April 1, 1972. Expenses for legally required and voluntary benefits were 12.4 percent higher as a result of increased contributions to social security and increased wages and salaries. The DM 59 million (62 percent) increase in payments for old-age benefits is due to a rise in pensions, the increase in pensioners and pension obligations incurred as a result of new regulations instituted in 1971. The additions to the pension reserve were computed in conformance with actuarial practices. On February 1, 1973 a new basic contract covering salaried employees and wage earners was signed.

Principally the agreement covers longer vacations with added compensation as well as old-age wage security and premiums for heavy work. Our employees took advantage of the so-called 624-DM-law and saved more than DM 24 million in 1972. As per contract with the union the company contributed DM 12 million of this amount. BASF again offered salaried employees who are not covered by this contract the opportunity to purchase 5 BASF shares (BASF acquisition price between DM 163,50 and DM 168,50 per share plus commissions) for DM 90 per share with selling restrictions for 5 years. 4,666 employees took advantage of this opportunity, which equals conditions for capital formation to those covered by the labor contract. Altogether 11,745 employees of BASF AG used all or part of their net annual bonus to purchase BASF shares with a nominal value of DM 9.8 million. Shares were also made available to employees in other German companies of the BASF Group.

Training

At year-end there were 4,231 trainees in BASF Group companies in Germany. Of these, 30 percent were in science-oriented programs, 60 percent in engineering and 10 percent in commercial training. BASF AG hired 1,038 trainees during the year. Altogether there were 3,068 in training at year-end. They represented 6.1 percent of the labor force. Almost 900 trainees live in the youth villages of the "Christliches Jugenddorfwerk" where they receive excellent care and valuable assistance in preparing for their future professions. A modern training center, accommodating 140, was inaugurated at the Willstätt works in October 1972. In cooperation with the ministry of culture and education we conduct with the science-oriented vocational school in Ludwigshafen a new approach in education on a trial basis. The program allows a group of students training as laboratory technicians in chemistry and physics to qualify for advanced studies in their field. Our programs for the professional development of our management have been expanded. The seminars were attended by 1,380 participants. Several programs were conducted for general advancement. These series were also open to the families of our employees.



Mobile book van of the employees' library of the Ludwigshafen works

Social benefits

Our activities continue to focus on retirement pensions. 20,047 pensioners or their dependents received pensions supplementing social security. In 1972 our social service department completed its 50th year. Since its founding many of our employees and their families were helped in emergencies. To meet current needs our social service department now concentrates its activities principally on consultation and preventive care.

The Dannenfels sanatorium for lung diseases, built in 1893 as the first of its type in Europe, was closed for lack of use at the end of 1972. The building will be converted to a training center.

In 1972 more than 1,300 dwellings were built with company support. In excess of 1,000 condominiums were acquired by our employees.

In spite of higher premiums the BASF AG-sponsored health insurance ended the year with a deficit of DM 4 million. The discrepancy is due to higher costs, greater demand for services, and, in particular, to the large number of pensioners for whom the insurance companies do not make adequate payments.

We have intensified our efforts in health protection. At the end of April 1972 our medical department sponsored the first international symposium for industrial medicine of the chemical industry (Medichem). Valuable contributions to industrial medicine beyond the scope of our industry were presented at the conference.

Notes to the 1972 Financial Statements of the BASF Group

Principles of compilation

The financial statements of the BASF Group have been developed from the consolidated financial statements of BASF AG and its significant subsidiaries and the combined financial statements of its significant 50 percent owned affiliates. Both financial statements have been prepared in accordance with the principles and guidelines of reporting and disclosure commonly followed by companies who are subject to the requirements of the Securities and Exchange Commission (SEC) of the United States. In the Group financial statements, the consolidated financial statements of BASF AG and its subsidiaries, and the BASF portion of the combined financial statements of its 50 percent owned affiliates have been combined. In contrast to the previous year, not only the significant but all intercompany items between subsidiaries and 50 percent owned affiliates have been eliminated. The financial statements for 1971 have been adjusted accordingly.

Companies included

The Group financial statements include the financial statements of BASF AG and 74 subsidiaries and of 20 fifty-percent affiliated companies, thus reflecting more than 90 percent of the significant financial data of the BASF Group. Insignificant subsidiaries and affiliates have been excluded. The unconsolidated companies and affiliates are carried in the Group financial statements at cost of acquisition less write-downs; the difference between cost of acquisition and equity in these companies is insignificant.

In 1972, companies included in the Group consolidation have been changed as follows:

Domestic companies:

The Kali und Salz AG, Kassel (new) has been included for the first time as a subsidiary; in 1971, the Kali und Salz (old) was included as a 50 percent affiliate proportionally. The Chemische Fabrik Kalk GmbH, Cologne, a fully-owned subsidiary of the Kali und Salz AG, has been included for the first time.

The newly organized Chemische Düngelfabrik Rendsburg GmbH has been included. The Chemische Düngelfabrik Rendsburg was merged into BASF AG.

BASF Farben + Fasern AG, Hamburg (formerly BASF Spinntechnik AG), has been included in the consolidation for the first time. The company is the successor to the following companies which had been included in the consolidation last year:

Glasureit-Werke M. Winkelmann GmbH, Hamburg; Herbol-Werke Herbig-Haarhaus AG, Cologne; G. Siegle & Co. GmbH, Stuttgart; Kast + Ehinger GmbH, Stuttgart; and Farbwerke Franz Rasquin GmbH, Cologne-Mülheim. Further, Kompakta-Werke Baustoff GmbH, Traunreut, also a subsidiary of BASF Farben + Fasern AG, has been included for the first time.

Foreign companies:

The following companies, not consolidated previously, have been included this year:

The subsidiaries Stella S.A., Geneva; Kast + Ehinger Ges.m.bH, Vienna; Remmert Holland N. V., Apeldoorn; BASF Portuguesa LDA., Lisbon; Organchemie AG, Kilchberg/Zurich; BASF Argentina S. A. I. C. F. I. y M., Buenos Aires; SLS Leasing Corporation, New York, N.Y.

The 50 percent affiliated companies Alwinal Potash of Canada Ltd., Lanigan; Bentex Mills Inc., East

Rutherford, N. J.; Castlecreek Fabrics Inc.,
Washington, N. J., Universal Textured Yarns, Inc.,
Mebane, N. C.; DB Communications Company Inc.;
DB International, Inc.

The inclusion of these companies had no material effect on net sales, net income and total assets of the Group.

Companies included in the Group financial statements, whose development and situation are of importance for the overall presentation of the economic situation of the Group, have further been reported elsewhere in the Annual Report.

Principles of valuation

The financial statements of the German companies have been prepared in accordance with the accounting and valuation principles legally prescribed in Germany. The financial statements of foreign companies have been prepared in accordance with the generally accepted principles and practices commonly followed by companies subject to the requirements of the SEC. Had these latter principles also been followed by the German companies, the stockholders' equity of the BASF Group as per December 31, 1972, would have been greater by DM 740 million and the net income for the year would have been greater by DM 24 million. These differences result primarily from optional valuation methods used for domestic investments of BASF AG as permitted by German law and the application of special tax regulations to the valuation of property, plant and equipment.

Translation of foreign currencies

Foreign currencies have been translated into DM as follows:

- a) Revenue and expenses – at quarterly average rates, except for depreciation which has been translated at historical rates.
- b) Property, plant and equipment, intangible assets and investments in affiliates – at historical rates.
- c) All other assets and liabilities – at rates existing at the close of the year.

The accumulated unrealized net gains resulting from the translation of foreign currencies as of December 31, 1972, are shown in the balance sheet as a special item. The results of the changes in the quotation of currencies which occurred in 1973 have not been reflected in this item.

Principles of consolidation

In order to present the Group financial statements more effectively, the difference between the cost of acquisition of the subsidiary and our share in its equity at the time of acquisition is shown for the first time as "Balance arising from consolidation". The undistributed earnings of subsidiaries after date of acquisition are shown under "Earned surplus". The earned surplus thus consists of the undistributed earnings of the companies included in the Group financial statements since date of acquisition, including the legal and free reserves of BASF AG which have been transferred from undistributed earnings. The previous years' financial data have been adjusted accordingly.

Notes to specific items shown in the financial statements

Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation. As far as possible, depreciation has been computed according to the declining balance method, in remaining cases according to the straight line method. Rates are based on estimated useful lives which are between 4 and 50 years for buildings and between 3 and 25 years for machinery and equipment.

Property located on leaseholds is amortized over the lives of the respective leases. Additional depreciation is provided in accordance with German tax regulations. Provision for depreciation for the year 1972 amounted to DM 996 million and for 1971 to DM 895 million.

Inventories

Inventories are stated at the lower of cost (generally average cost) or market (market being the lower of replacement cost or realizable value). Adequate provision has been made for obsolescence. Commencing in 1972, the companies adapted a uniform method of eliminating the intercompany profits in inventories, which had the effect of reducing 1972 net income (after taxes) by DM 25 million.

Paid-in capital

The increase in these items results from the issuance of 259,523 shares (nominal value DM 50) by BASF AG and the premium received thereon. Details are shown in the notes to the financial statements of the parent company.

Long-term liabilities

Long-term liabilities represent liabilities not due within one year. The interest rates on the long-term liabilities range from 4.5 to 9 percent. The maturities of such liabilities payable over the following years are approximately as follows:

	million DM
1974	609
1975	363
1976	488
1977	861

Compulsory and supplemental employees' old-age benefits

In accordance with legal requirements employees are covered by compulsory insurance laws. Employees of certain companies are entitled to pensions provided by company agreements. The annual provision on the supplementary pensions are computed on actuarial bases and are accumulated in an unfunded pension reserve which at December 31, 1972 amounted to DM 636 million. The costs of compulsory and supplemental benefits for the years 1972 and 1971 were as follows:

	1972	1971
	million DM	
Compulsory benefits	165	149
Supplemental pension benefits	193	127
	<u>358</u>	<u>276</u>

Contingent liabilities and commitments

There are various legal actions pending arising in the course of normal business operations for which adequate provisions have been made. In the ordinary course of business, the companies have incurred contractual commitments pursuant to terms of leases and other contracts or pension plans, etc., and are contingently liable as guarantor or endorsee of notes and contracts. Adequate provision has been made for any losses which may be reasonably foreseen. At December 31, 1972, German companies were liable for a special levy related to equalization of war damages payable in quarterly installments of DM 4 million through 1979.

Annual Report of BASF AG and its Consolidated German Subsidiaries with Notes to the 1972 Consolidated Financial Statements.

Reference is made to the general sections of this report. The following are explanatory notes to the consolidated financial statements.

The consolidation includes BASF AG, its German subsidiaries and their German subsidiaries for the year 1972.

They consist of:

Badische Anilin- & Soda-Fabrik Aktiengesellschaft, Ludwigshafen

BASF Farben + Fasern AG, Hamburg

- Dr. Beck & Co. AG, Hamburg
- Kompakta-Werke Baustoff-GmbH, Traunreut *
- Vaerst & Co., Hamburg

BASF Handels- und Export-Gesellschaft mbH, Ludwigshafen *

BASF Kraftwerk Marl GmbH, Marl *

Canapol Chemie-Beteiligungs-Gesellschaft mbH, Ludwigshafen *

Chemische Düngerfabrik Rendsburg GmbH, Rendsburg *

Elastogran GmbH, Lemförde

- Beteiligungsgesellschaft Elastogran Polyurethan-Chemie mbH, Lemförde
- Beteiligungsgesellschaft Kunststoff-Verfahrenstechnik Dr. Ernst mbH, Strasslach
- Elastogran Polyurethan-Chemie GmbH & Co. KG, Lemförde
- Kautschuk- und Kunststoff GmbH Mayen, Mayen
- Kunststoffbüro München GmbH, Munich
- Kunststoffbüro München GmbH & Co., Geiselbullach
- Kunststoffbüro Osnabrück GmbH, Osnabrück
- Kunststoffbüro Osnabrück GmbH & Co., Lotte
- Kunststoff-Verfahrenstechnik Dr. Ernst GmbH & Co. KG, Strasslach

- Lemförder Kunststoff GmbH, Lemförde
- Lemförder Kunststoff GmbH & Co. KG, Lemförde
- Technische Akustik GmbH, Lemförde
- Technische Akustik GmbH & Co., Lemförde
- Gewerkschaft Auguste Victoria, Marl
- LUWOG Wohnungsunternehmen GmbH, Ludwigshafen *
- Nordmark-Werke GmbH, Hamburg *
- Wintershall AG, Celle (Hauptverwaltung Kassel)
- Burbach-Kaliwerke AG, Kassel *
- Chemikalien-Aktiengesellschaft, Frankfurt am Main *
- Erdöl-Raffinerie Mannheim GmbH, Mannheim
- Gewerkschaft Haidkopf, Celle *
- Guano-Werke Aktien-Gesellschaft, Hamburg
- Kali-Bank AG, Kassel *
- Kali und Salz AG, Kassel
- Chemische Fabrik Kalk GmbH, Cologne *
- MIHAG Handelsgesellschaft für Mineralöl-erzeugnisse mbH, Duesseldorf *
- WIESÖL Mineralölhandelsgesellschaft mbH, Wiesbaden *

Information on the companies listed above appears in the Notes to the Financial Statements of BASF AG, except for the following direct subsidiaries of BASF AG:

- ☐ BASF Handels- und Export Gesellschaft mbH, Ludwigshafen

Capital stock DM 3 million, 25 percent paid-in, wholly-owned by BASF AG

The company exported BASF products to certain countries in Asia. Since 1972 these exports are directly handled by BASF AG. Sales totalled DM 4 million. The net income of the company was transferred to BASF AG under a profit transfer agreement.

* profit transfer agreement with parent company

□ Canapol Chemie-Beteiligungs-Gesellschaft mbH, Ludwigshafen

Capital stock DM 20,000, 25 percent paid-in, wholly-owned by BASF AG

As of December 31, 1971 the company held a 33.27 percent interest in BASF Canada Ltd., Montreal. Through the acquisition of additional shares from BASF Overzee, N. V., Willemstad, and BASF Holding AG, Zurich, Canapol owns now 100 percent of BASF Canada.

□ Chemische Düngelfabrik Rendsburg GmbH, Rendsburg

Capital stock DM 100,000, wholly-owned by BASF AG

The company was organized in 1972. It has assumed the activities previously conducted by Chemische Düngelfabrik Rendsburg, which was merged into BASF AG. Its profit of DM 1,430 has been assumed by BASF AG under a profit transfer agreement.

□ LUWOG Wohnungsunternehmen GmbH, Ludwigshafen

Capital stock DM 78 million, practically 100 percent-owned by BASF AG

The main business of the company is the construction of the home building project, called Pfingstweide, in Ludwigshafen and the management and leasing of housing to employees. The company's net loss amounting to DM 5,315,257, has been assumed by BASF AG, in accordance with a profit transfer agreement.

Any indirectly owned subsidiaries of BASF AG that have not been mentioned specifically in this report, are not material in relation to the consolidated financial position and operations.

Subsidiaries not included in the consolidation because of their minor significance according to § 329 (2), sentence 2, AktG (corporation law):

	Nominal Capital TDM***	Percent of Owner- ship
Subsidiaries of BASF AG, Ludwigshafen		
└ BASF Terratec GmbH, Ludwigshafen *	20	100 ²
– Gewerkschaft Breitenbach, Ludwigshafen	40	100 ²
Subsidiaries of BASF Farben + Fasern AG, Hamburg:		
– BASF Fasertechnik GmbH, Hamburg *	100	100 ⁵
– Chemische Fabrik und Farb- werke Dr. Koll & Spitz GmbH, Cologne-Mülheim	500	100 ³
– Glasurit GmbH, Hamburg *	100	100 ⁵
– Herbol GmbH, Cologne *	100	100 ⁵
– Kast + Ehinger GmbH, Stuttgart-Feuerbach *	100	100 ⁵
– G. Siegle & Co. GmbH, Stuttgart-Feuerbach *	100	100 ⁵
Subsidiary of BASF Handels- und Export-Gesellschaft mbH, Ludwigshafen		
– TENSID-CHEMIE Vertriebs- gesellschaft mbH, Düren	100	60 ³
Subsidiary of Chemische Fabrik Kalk GmbH, Cologne:		
– Merksteiner Braunkohlen GmbH i. L., Merkstein	252	100 ²

* profit transfer agreement with parent company

*** TDM = thousands of DM

² inactive companies

³ companies with insignificant operations, having no effect on the consolidated financial position

⁵ managing companies

	Nominal Capital TDM	Percent of Owner- ship		Nominal Capital TDM	Percent of Owner- ship
Subsidiaries of Gewerkschaft Auguste Victoria, Marl			– Montangesellschaft mbH, Cologne *	1,155	100 ³
– Gewerkschaft Röchling, Marl *	.	100 ³	– Compo GmbH Produktions- und Vertriebsgesellschaft, Handorf	1,000	100 ^{1**}
– Kohlen-Handelsgesellschaft Auguste Victoria oHG, Marl	.	100 ²	– Wohnbau Salzdetfurth GmbH, Bad Salzdetfurth *	3,500	100 ³
Subsidiary of Guano- Werke Aktien-Gesellschaft, Hamburg			Subsidiaries of Nordmark- Werke GmbH, Hamburg		
– Kali-Gesellschaft mbH, Hamburg	40	61.25 ⁴	– CEKOS Chemisch- pharmazeutische und Kosmetische Präparate GmbH i. L., Wiesbaden	20	100 ³
Subsidiaries of Kali- und Salz AG, Kassel			– IFAH GmbH, Hamburg *	20	100 ³
– BM-Chemie Produktions- und Vertriebsgesellschaft mbH, Handorf	20	100 ³	– Stormarn-Verlag GmbH, Uetersen *	5	100 ³
– BM-Chemie Produktions- und Vertriebsgesellschaft mbH & Co. KG, Handorf	580	100 ³	– Täberg Grundstücks- Gesellschaft mbH, Hamburg *	1,330	100 ³
– Bohr- und Bergbaugesellschaft Ems mbH, Hanover	20	75 ³	– Vitamultina- pharmazeutische Präparate-GmbH, Hamburg *	20	100 ³
– Deutscher Straßendienst H. Dauppert GmbH, Kassel *	20	100 ³	Subsidiaries of Wintershall AG, Celle		
– Gewerkschaft Beienrode, Königsutter	5	89.92 ³	– Erdöl-Raffinerie Franken GmbH, Eggolsheim *	8,500	100 ³
– Kali-Forschungs-Anstalt GmbH, Hanover	20	90 ³	– Gewerkschaft Uchte, Uchte *	400	100 ³
– Kali-Transport-Gesellschaft mbH, Hamburg *	4,000	100 ³	– Gewerkschaft Ummendorf, Kassel	.	100 ^{3**}
– Kali-Union Verwaltungs- gesellschaft mbH, Hanover	1,500	100 ³	– Mineralöl-Lager- und Transport-Gesellschaft mbH, Kassel	4,020	100 ³

* profit transfer agreement with parent company

** including the holdings of other BASF group companies

² inactive companies

³ companies with insignificant operations, having no effect on the consolidated financial position

⁴ non-profit purchasing company with insignificant assets

	Nominal Capital TDM	Percent of Owner- ship
– Spezialdünger- Beteiligungs-Gesellschaft mbH, Bielefeld	20	100 ³
– Untertage-Speicher- Gesellschaft mbH, Nordenham	8,000	100 ^{3**}

Subsidiaries not included in the consolidation because their inclusion would impair the value of disclosures in the statements in view of the social activities of these companies, in accordance with § 329 (2), sentence 3, AktG (corporation law):

	Nominal Capital TDM	Total Assets (preliminary) TDM	Percent of Owner ship
Subsidiaries of BASF AG, Ludwigshafen			
– BASF-Altershilfe GmbH, Ludwigshafen	20	198,800	100 ^{**}
– GEWOGE Gemeinnütziges Wohnungsunter- nehmen GmbH, Ludwigshafen	30,000	200,000	97
Subsidiary of Nordmark-Werke GmbH, Hamburg			
– Unterstützungskasse “Nordmark-Werke” GmbH, Uetersen	20	4,355	100

In accordance with the by-laws of these companies, a distribution of net assets to the owners in case of liquidation is not permitted.

A subsidiary not included in the consolidation, because it is not controlled within the meaning of § 18 AktG (corporation law):

Affiliate of Wintershall AG, Celle:

– Deutsches Kalisyndikat GmbH, Berlin
(nominal capital DM 1,596,000; holding
83.37 percent)**

This company is a public enterprise of the German potash industry; its sole business is the administration of property.

Changes in companies included in the consolidation are discussed in the Notes to the Group Financial Statements.

Other information

BASF Canada Ltd., a subsidiary which has not been included in the consolidation, incurred major losses, which were offset by a payment of Can. \$ 6.5 million from Canapol Chemie-Beteiligungs-Gesellschaft mbH, a consolidated company. This amount is included in the loss transfer by Canapol to BASF AG. BASF Transatlantica S.A. incurred extraordinary expenses resulting from valuation adjustments required in view of the economic situation in Chile. The loss of this company was offset by US\$ 1.15 million from BASF AG. This payment is included under *other expenses* shown as item 27b of the Income Statement of BASF AG.

** including the holdings of other BASF group companies

³ companies with insignificant operations, having no effect on the consolidated financial position

Consolidated Balance Sheet

The consolidation includes the majority-owned subsidiaries within the BASF Group in Germany. The consolidated data represents largely the activities of BASF AG; for this reason please refer to the Notes to the Financial Statements of BASF AG. The following therefore describes only matters relating to consolidation methods and newly added companies. Compared with the previous year changes result primarily from the inclusion of Kali und Salz AG.

Inter-company profits between the consolidated companies were eliminated.

Balance arising from consolidation is the difference between the book value of the investments of the respective parent companies in their consolidated subsidiaries and the total of capital stock and surplus reserves of such subsidiaries. The amount represents the net balance of debit and credit excesses.

In order to reflect the consolidated profit properly the loss carryforwards incurred by companies newly included in the consolidation have been included in the balance arising from consolidation.

Capital stock and surplus reserves are those of BASF AG. The difference between BASF's equity in the capital and surplus of the subsidiaries included in the consolidation and the respective investments therein is set up as balance arising from consolidation.

Minority interests comprise: "Kommanditeinlagen" (shares of ownership with limited liability) of third parties in the subsidiaries of Elastogran GmbH: Kunststoffbüro München GmbH & Co., Geiselbullach and Kunststoff-Verfahrenstechnik Dr. Ernst GmbH & Co. KG, Strasslach (and its Komplementär-GmbH); a share of limited liability ownership of the Pensionskasse der Angestellten der BASF in the capital of Vaerst & Co. (a subsidiary of BASF Farben + Fasern AG) and in the capital of LUWOG Wohnungsunternehmen GmbH, further, interests of third parties in the equity, profit and loss of Wintershall AG and its subsidiaries.

Contingent liabilities not shown in the balance sheet including collateral given for consolidated companies relate principally to BASF AG (see Notes to the respective statements). Gewerkschaft Auguste Victoria has a contingent liability for obligations of various cooperative ventures of the mining industry. Wintershall AG gave throughput guarantees to Société du Pipe-Line Sud-Européen (SPLSE) and to Deutsche Transalpine Ölleitung GmbH, Munich.

Statement of Consolidated Income

The turnover tax is no longer shown in the Statement of Income. Previous year's figures were restated accordingly.

Other taxes relate primarily to fuel and heating oil taxes to be paid by Wintershall.

Net income for the year consists of the net income of the companies included in the consolidation less consolidation adjustments.

The profit carryforward represents profits and losses carried forward of the included companies and consolidation adjustments.

Minority interests in net income comprise minority interests in the net income of Wintershall group and Elastogran group.

Minority interests in losses relate to the minority interests in losses of consolidated companies of Wintershall AG.

Annual Report of BASF AG for 1972 with Notes to the Financial Statements

Balance sheet

ASSETS

I. Fixed Assets

A. Tangible and Intangible

1.-7. *Property, plant and equipment* decreased by DM 119.9 million, since depreciation and retirements exceeded the 1972 additions. Of the additions amounting to DM 384.5 million 84 percent relate to production and utility facilities and 16 percent to research, environmental protection and miscellaneous facilities.

Property, plant and equipment is stated at acquisition or production costs reduced by regular depreciation and special write-offs. In addition to material and wages the construction costs for plants built by ourselves comprise the allocated overheads of the production sector and the linear depreciation thereon.

In general, movable property is depreciated under the declining balance method, immovable property under the straight line method. Pursuant to § 7 (3) EStG (income tax law) we changed from the declining balance to the straight line method for depreciating movable tangible fixed assets.

Acquisition or production costs of assets of low value are completely written off.

Retirements comprise mainly residual book values of fixed assets scrapped or sold.

Depreciation of property, plant and equipment, which reflects maximum benefits permitted by tax regulations, consists of the following:

	million DM	Depreciation of additions, including transfers from plant under construction consists of:	
		Additions and Transfers DM	Depreciation DM
Regular depreciation:			
Declining balance method	323.8		
Straight line method	92.6		
Write-offs of low-value additions	9.4		
	<u>425.8</u>		
Special write-offs:			
Research, prevention of water and air pollution, and noise reduction	26.6		
Transfer of gains on sales in accordance with § 6 b EStG (income tax law)	4.7		
Other special write-offs	<u>24.7</u>		
	<u>56.0</u>		
Total	481.8		
		1. Real estate and equivalent rights with office, factory and other buildings	34,816,067 2,826,262
		2. Real estate and equivalent rights with residential buildings	226,987 3,677
		3. Real estate and equivalent rights without buildings	15,520,958 4,541,728
		4. Buildings on real estate not owned by BASF AG, and not included in (1) and (2) above	340,786 79,608
		5. Machinery, plant and equipment	303,043,094 68,336,681
		6. Office equipment	47,792,931 22,128,850
		7. Plant under construction and advances for plant	(17,192,806) 2,974,908
			<u>384,548,017 100,891,714</u>
		8. The <i>intangible fixed</i> assets such as patents, trademarks, franchises, etc. are stated, as heretofore, at the nominal value of DM 1.	

B. Investments

1. *Investments in affiliated companies* are stated at cost of acquisition or at the lower values permissible under German tax regulations.

Additions to investment are primarily the transfers of G. Siegle & Co. GmbH, and Kast + Ehinger GmbH, Stuttgart, from our subsidiary Wintershall AG, Kassel, to BASF AG, and to the acquisition of the remaining 50 percent of Phrix-Werke AG, Hamburg, which changed its name to BASF Spinn-technik AG in April 1972. Further the additions include the acquisition of an additional interest in Röhm GmbH, Darmstadt, and the new acquisition of shares of Dekachimie S. A., Paris.

The book values of our Swiss holding companies have been increased by DM 1,000,000 to conform with tax valuations.

Retirements relate primarily to the merger of BASF automation Heidelberg GmbH, Palusol GmbH, Ludwigshafen, and Chemische Düngerfabrik Rendsburg into BASF AG.

Write-offs represent entirely valuation adjustments permitted under § 1 Entwicklungshilfe-Steuer-gesetz (development aid tax law).

In the course of the streamlining of the organizational structure of BASF, Glasurit-Werke M. Winkelmann GmbH, Hamburg, Herbol-Werke Herbig-Haarhaus AG, Cologne, G. Siegle & Co. GmbH, Stuttgart, Kast + Ehinger GmbH, Stuttgart – all wholly-owned by BASF AG – were merged in June 1972 into BASF Spinn-technik AG, Hamburg. The latter company has changed its name into BASF Farben + Fasern AG and increased the nominal value of its capital stock by DM 187 million to DM 211 million. This increase has been fully subscribed to by BASF AG to absorb its interests in

the merged companies. These transactions, however, did not change our activities in this field.

After the organization of BASF Farben + Fasern AG we transferred to it our share in Lutravil Spinnvlies GmbH & Co., Kaiserslautern. In connection therewith the capital stock of the subsidiary increased from DM 211 to 215 million.

Unpaid subscriptions to the capital stock are included in the book value of investments and carried as liability.

2. *Loans for a term of at least four years* include loans for housing and other purposes and loans to companies that are not majority-owned or controlled affiliates. Value adjustments and depreciation represent discounts on non-interest bearing loans, principally for housing construction.

II. Current Assets

A. Products on Lease

Such goods are valued at acquisition or production costs or at a lower value as permitted by tax laws.

B. Inventories

1. *Raw materials and supplies* are valued at the lower of cost or market. Adequate provision has been made for obsolescence. Reductions permitted under tax regulations have been made.

2. *Finished products and goods for resale* have been valued at production or purchase cost, however, not in excess of realizable value less an allowance for storage and an average profit margin. Production costs are based on the normal capacity of the production plants and include, in addition to the actual production costs, the allocated overheads of the respective production centers, based on tax requirements, and the allocated linear depreciation on plant and equipment. Provisions for sales risks and obsolescence have been adequately taken into account.

C. Uncompleted Contracts

Uncompleted contracts comprise expenditures incurred for plant construction undertaken by us for others at home and abroad. They are valued at the lower of acquisition cost or market.

D. Other Current Assets

2. The increase in *accounts receivable-trade* results mainly from sales expansion. The average term for domestic and foreign accounts receivable has not been significantly increased since last year. Accounts receivable with a residual term of more than one year are primarily for the construction

of plants abroad. Valuation adjustments for special risks have been taken into account.

3. *Notes receivable* consist principally of foreign drafts with terms of more than 90 days. They are carried at cash value and have been secured against risks.

5. *Cash in banks* represents balances payable on demand. This item includes for the first time deposits in home building and loan associations (DM 15 million), which in the previous year were carried under *other current assets*.

6. Our portfolio of *securities* consists entirely of fixed-interest bearing papers. They are carried at the lower of cost or market.

7. *Accounts receivable from affiliates* include accounts receivable-trade, interest and non-interest bearing loans, and notes receivable.

9. The decrease in *other current assets* is primarily due to lower accounts receivable resulting from agency sales for third parties, and the reclassification of our deposits in home building and loan associations to cash in banks.

III. Deferred Charges and Prepaid Expenses

Item 1 comprises the debt discount and expense on bonds and debentures less amortization; item 2 relates principally to prepaid insurance and interest.

CAPITAL AND LIABILITIES

I. Capital Stock

In 1972 the capital stock of	DM
was increased by:	1,513,103,900
1. the capital stock conditionally authorized on December 20, 1968, for the Wintershall transaction in the total nominal value of	476,150
by the issuance of 9,523 shares at DM 50.00 with dividend rights beginning January 1, 1972, for the further acquisition of Wintershall AG shares (9 BASF for 10 Wintershall shares);	
2. the capital stock authorized on December 14, 1972, in the total nominal value of	12,500,000
by the issuance of 250,000 shares at DM 50.00 at a price of DM 162.00 per share. These shares, having been subscribed to by Deutsche Bank AG and being reserved for employees of the BASF Group, qualify for dividends beginning January 1, 1972. Premiums on capital stock issued were transferred to the statutory reserve.	
As a result of the issuance of these shares the capital stock on December 31, 1972, increased to	1,526,080,050
The entire capital stock is entitled to dividend for the fiscal year 1972.	

The authorized capital amounts to DM 68,807,650 on December 31, 1972.

The conditional capital totals DM 155,490,450. It is reserved for the option rights of the holders of the US\$ 75 million bond of BASF Overzee N.V., the conversion rights of the convertible bonds of 1964 and for the continuation of the Wintershall transaction.

II. Surplus Reserves

1. The *statutory reserve* was increased by the premiums received on capital stock issued to DM 1,134,155,529.
 2. The *free reserve* was increased by DM 50 million by transfers from income.
- Surplus reserves now amount to DM 1,875.2 million representing 122.9 percent of the capital stock.

III. Special Reserves

The special reserves consist of the following amounts:

	million DM
Valuation adjustment on non-interest bearing loans granted prior to January 1, 1955, according to § 7 c EStG (income tax law)	2.7
Deferred gains realized on sales as permitted under § 6 b EStG (income tax law)	1.1
Deferred gains resulting from settlement of damage claims as permitted under section 35 EStR (income tax regulations)	0.3

	million DM
Allowances for capital investments in developing countries, as permitted under § 1 "Entwicklungshilfe-Steuer-gesetz" (development aid tax law)	17.8
	21.9

IV. General Reserves for Accounts Receivable

The increase is entirely attributable to the increase of accounts receivable.

V. Accruals

1. *Accruals for pensions* have been computed on an actuarial basis and are deemed to be amply sufficient.

2. a) *The accruals for taxes* are deemed to be amply sufficient.

2. b) *The accruals for postponed maintenance work* are made for necessary repairs which for technical reasons could not be undertaken in 1972.

2. c) *Miscellaneous accruals* are made for:

	1972	1971
	million DM	
License fees payable	9.6	8.4
Possible losses which may arise from sales and purchases	57.5	73.5
Contributions to professional associations and for similar purposes, and	17.7	16.1
Other obligations	69.0	57.0

VI. Liabilities for a Term of at least Four Years

1. DM 10 million of the fractional *bonds* of 1962 have been redeemed at a premium of 2 percent according to schedule. Book values of the outstanding *Swiss Franc Bonds* and the *convertible bonds* have not changed. DM 2.6 million of the 5 percent fractional *bonds* of 1959 have been redeemed as agreed.

2. *Debentures* have been decreased by DM 41.4 million in accordance with the repayment schedule.

3. *Liabilities to banks* have been reduced by approx. DM 217 million in compliance with redemption schedules.

1.-5. Current maturities of *liabilities for a term of at least four years* amount to approx. DM 80 million.

VII. Other Liabilities

2. *Notes payable* in the amount of DM 59.9 million (previous year DM 46.5 million) relate entirely to financing of third parties' facilities abroad.

3. *Liabilities to banks* have only slightly increased in comparison to the previous year.

4. *Advances received* relate primarily to partial payments on uncompleted facilities ("Uncompleted Contracts") being built by us at home and abroad.

5. *Payables to affiliates* comprise accounts payable-trade, advances received, unpaid subscriptions and similar liabilities.

6. *Other liabilities* comprise accounts payable for wages and salaries, social security, interest and subscriptions as well as short-term liabilities.

All liabilities are carried at the amounts at which they are payable. Higher DM carrying values, resulting from foreign currency translations in prior years have not been changed.

Contingent Liabilities

The liabilities from the issue and endorsement of bills have slightly decreased. Liabilities from guarantees rose by DM 61.4 million. This change has essentially been caused by the 7.5 percent 1972-to-1987 bond at a nominal value of 100 million French Francs issued by BASF Transatlantica S.A. as well as by the 5.5 percent 1972-to-1987 bond issued by BASF Holding Luxemburg S.A. with a nominal value of 100 million Swiss Francs for which BASF acts as sole guarantor. In addition, different credits guaranteed by BASF AG and extended to affiliated companies have been decreased, resulting in a decline of guarantees. The liabilities from the granting of collateral security for third parties' liabilities mainly concern bank deposits earmarked for procuring foreign currency loans. Guarantees and collateral security given for third parties' liabilities have been primarily entered into on behalf of affiliates.

Contingent liabilities not shown in the balance sheet, including collateral given for own liabilities, consist of

	1972	1971
	DM	million DM
Commitments on behalf of affiliated companies	9,329,470	287.2
Securities pledged to BASF		
Employees' Health Insurance-nominal value	4,835,300	5.0
Assignment of accounts receivable as collateral		
to notes payable	59,870,000	46.5
Other liabilities stated under VII secured by mortgages	4,773,500	5.6

In addition, at the date of the balance sheet, contingent liabilities and commitments existed resulting from the provisions of Regulation No. 8 (pensions) of the Allied High Commission Law No. 35, from § 24 GmbH Gesetz (law for companies with limited liability) relating to unpaid stock subscriptions to Aktionsgemeinschaft Deutsche Steinkohlenreviere GmbH, as well as from legal liabilities due to the temporary integration of Phrix-Werke AG and Herbol-Werke Herbig-Haarhaus AG, according to § 327, Abs. 4 AktG (corporation law).

Total remuneration of the members of the Board of Executive Directors (§ 160 [3] AktG [corporation law]) amounts to DM 4,911,586 for the fiscal year 1972, the remuneration of members of the Board of Executive Directors as legal representatives of our affiliates amounted to DM 130,000.

The total remuneration of the former members of the Board of Executive Directors and their surviving dependents, including (in accordance with Regulation No. 8 (pensions) of the Allied High Commission Law No. 35) pensions and payments payable to former members and surviving dependents of the Board of Executive Directors of I. G. Farben-industrie Aktiengesellschaft, amounts to DM 1,343,065 for 1972.

Total remuneration of the Supervisory Board amounts to DM 421,600 (exclusive of turnover tax).

Statement of Income

The turnover tax is no longer shown in the Statement of Income; the 1971 figures have been restated accordingly.

1. Sales were 13.9 percent higher than last year.
3. Other company-manufactured capitalized items represent entirely tangible fixed asset items.
4. The total increased by 12.2 percent.
5. Cost of raw material, supplies and purchased merchandise mainly increased as a result of expansion of production and commercial business.
6. The balance (gross profit) rose by 12.8 percent.
7. Income from profit transfer agreements comes from the transfer of the net income of the following companies:
BASF Handels- und Export-Gesellschaft mbH, Ludwigshafen, BASF Kraftwerk Marl GmbH, Marl, Rheinische Olefinwerke GmbH, Wesseling, Nordmark-Werke GmbH, Hamburg
8. Income from affiliates relates to dividends paid by:

	million DM
<i>German affiliates</i>	
Wintershall AG, Kassel	22.7
G. Siegle & Co. GmbH, Stuttgart	7.4
Kast + Ehinger GmbH, Stuttgart	2.5
Herbol-Werke Herbig-Haarhaus AG, Cologne	1.2
Gewerkschaft Auguste Viktoria, Marl	2.0
Röhm GmbH, Darmstadt	2.2

million DM

Affiliates abroad

Ammoniak Unie B.V., Utrecht	0.6
BASF Holding AG, Zurich	1.4
Dekachimie S.A., Paris	1.5
Dispersions Plastiques S.A., Paris	1.5
Suma S.A., Gien	0.4
Others	0.5
	<u>43.9</u>

9. The income from other investments consists entirely of interest on loans.
10. Other interest and similar income decreased by DM 33.3 million compared with last year; they result mainly from our bank accounts.
11. Gains from sale of plant, property and equipment and valuation adjustments essentially comprise gains from the sale of assets and adjustments to the book value of investments.
12. Reversal of accruals mainly result from the reversal of accruals for taxes and for risks linked with sales and purchases no longer required.
13. Transfers from special reserves relate to the reversal (credit to income) of special tax provisions subject to § 6 b EStG (income tax law) and section 35 EStR (income tax regulations) which were transferred as special depreciation on new acquisitions, and the partial reversal of valuation adjustment according to § 7 c EStG (income tax law).
14. Other income includes principally revenue items not directly related to operations, transfers of taxes in accordance with profit transfer agreements and subsidies received for expenditures in research and development in 1971.

15. *Wage and salary* expenses increased by DM 100.6 million.

16. *Compulsory social security* contributions rose by DM 15.0 million.

17. *Expenses for pensions and assistance* relate principally to current pension payments, contributions to the BASF Employees' Health Insurance as well as to BASF Altershilfe GmbH and appropriations to accruals for pension obligations.

18.–19. *Depreciation on tangible fixed assets and write-downs and valuation adjustments on investments* have been explained in the notes to fixed assets.

20. *Valuation adjustments on current assets other than inventories and general reserves for accounts receivable* apply to accounts receivable, to foreign exchange losses on securities, as well as to doubtful accounts receivable and transfers to reserves for credit risks. The increase essentially relates to foreign accounts receivable in view of higher risks linked with our activities abroad.

21. *Losses on retirement of fixed assets* are mainly attributable to scrapping of plant and equipment due to technical developments.

22. The decrease in *interest and similar expenses* reflects principally lower interest rates. The item includes interest charges assumed by BASF AG for loans of Group companies.

23. a) *Taxes on income and property* comprise DM 9.2 million assumed from Group companies and DM 76.2 million taxes not based on income, including adjustments for previous years.

23. b) The *other taxes* primarily consist of fuel oil and automobile taxes and the taxes paid on increases of capital.

25. *Transfer of losses of affiliates* relates to affiliated companies having profit and loss transfer agreements with BASF AG.

26. *Transfers to special reserves* relate to gains transferred under section 35 EStR (income tax regulations) as well as to transfers in accordance with § 1 Entwicklungshilfe-Steuergezet (development aid tax law).

27. b) *Miscellaneous other expenses* include shipping and freight charges (approx. DM 308 million), rents and leases (approx. DM 56 million), license fees expenses relating to increase in capital stock (which are not included in item 23b), agency expenses, advertising expenses, bank charges, insurance premiums, fees, contributions and costs of transactions not directly related to operations (see item 14) which have not been shown separately.

Financial Statements 1972

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28. The <i>net income</i> for the year totals	DM 276,804,329
29. The <i>profit carryforward</i> of added thereto results in a balance of	<u>2,257,168</u> 279,061,497
30. Reduced by the <i>transfer to free reserve</i> of leaves a	<u>50,000,000</u>
31. <i>Profit available for dividend</i> of	229,061,497
We propose to distribute from such profit a dividend of DM 7.50 per share (nominal value of DM 50.00). If the proposal is accepted, the total amount of dividends payable on the outstanding share stock of DM 1,526,080,050 will be	<u>228,912,007</u>
Leaving an undistributed profit of	149,490
We propose that the undistributed amount be carried forward.	

Ludwigshafen, April 9, 1973

The Board of Executive Directors

Report of the Supervisory Board

During the period under review the Supervisory Board has maintained constant surveillance over the management of the Company's affairs by meeting regularly with the Board of Executive Directors and reviewing its written and verbal reports.

The Supervisory Board has examined the Annual Report of BASF AG and Consolidated German Subsidiaries, the Annual Report of BASF AG, and the proposal for the appropriation of net income.

The books, the Statement of Accounts, the Annual Report of BASF AG and its consolidated German subsidiaries and the Annual Report of BASF AG, have been examined by Schwäbische Treuhand-Aktiengesellschaft, the auditors appointed by the Annual General Meeting, and have been given unqualified confirmation.

Having concluded our own examination we concur with the auditors and see no grounds for objections.

We have approved the Annual Statement of Accounts drawn up by the Board of Executive Directors, which is thus final, and concur with the proposal of the Board of Executive Directors regarding the appropriation of net income.

Ludwigshafen (Rhine), April 16, 1973

The Supervisory Board

Financial Statements 1972

Balance Sheet of BASF Group at December 31, 1972

Assets	Dec. 31, 1972 TDM*	Dec. 31, 1971 TDM
I. Fixed Assets		
A. Property, Plant and Equipment	6,113,727	5,889,414
B. Patents, Trademarks, Franchises	45,546	49,230
C. Investments		
1. Investments in affiliates	232,704	223,609
2. Long-term loans to affiliates	72,514	108,351
3. Other investments and long-term loans	495,970	453,344
	801,188	785,304
	6,960,461	6,723,948
II. Current Assets		
A. Goods on Lease	49,983	43,954
B. Inventories	1,666,890	1,611,328
C. Uncompleted Contracts	82,826	68,368
D. Notes and Accounts Receivable		
1. Notes receivable	207,878	63,590
2. Accounts receivable-trade	2,074,345	1,612,606
3. Other receivables	184,375	208,156
4. Allowance for doubtful accounts	(80,320)	(59,416)
5. Receivables from affiliates	110,269	103,025
	2,496,547	1,927,961
E. Cash and Cash Items		
1. Marketable securities	168,660	114,280
2. Cash	605,013	595,020
	773,673	709,300
	5,069,919	4,360,911
III. Deferred Charges and Prepaid Expenses	250,350	208,857
IV. Balance Arising from Consolidation	236,838	207,222

12,517,568

11,500,938

* TDM = thousands of DM

Capital and Liabilities	Dec. 31, 1972 TDM	Dec. 31, 1971 TDM
I. Stockholders' Equity		
A. Paid-in Capital		
1. Capital stock of BASF AG	1,526,080	1,513,104
2. Surplus	1,360,054	1,331,924
	2,886,134	2,845,028
B. Earned Surplus		
1. As of January 1	768,512	755,774
2. Dividend of BASF AG (previous year)	(226,966)	(306,712)
3. Net income	408,454	287,280
4. Changes from consolidation etc.	32,625	32,170
5. As of December 31	982,625	768,512
Total stockholder's Equity	3,868,759	3,613,540
II. Minority Interests	153,168	79,038
III. Special Reserves	61,723	57,478
IV. Unrealized Gain of Foreign Exchange	120,077	107,856
V. Long-term Reserves		
1. Pension reserve	636,304	443,615
2. Other long-term reserves	303,031	197,521
	939,335	641,136
VI. Long-term Liabilities		
1. Bonds, mortgages and similar debt	1,540,363	1,358,040
2. Long-term liabilities to banks	2,191,903	2,668,029
3. Other long-term liabilities	510,060	321,149
4. Long-term liabilities to affiliates	19,452	10,217
	4,261,778	4,357,435
VII. Current Liabilities and Accruals		
1. Accounts payable-trade	936,166	687,545
2. Notes payable	93,104	79,502
3. Short-term liabilities to banks	791,819	703,718
4. Advances received	75,636	95,159
5. Accrued taxes and tax liabilities	446,217	367,065
6. Other accrued charges	254,983	259,384
7. Other short-term liabilities	448,189	382,017
8. Short-term liabilities to affiliates	58,601	50,086
	3,104,715	2,624,476
VIII. Deferred income	8,013	19,979
	12,517,568	11,500,938

Statement of Income of BASF Group for the Year Ended December 31, 1972

	1972 TDM	1971 TDM
Net Sales		
To third parties	11,575,972	9,945,619
To affiliates (non-consolidated)	284,690	287,011
Total	11,860,662	10,232,630
Cost of sales	9,061,643	7,893,152
Gross Profit	2,799,019	2,339,478
Selling, general, and administrative expense	1,673,365	1,441,934
Income from Operations	1,125,654	897,544
Other Income and Expenses		
Income from affiliates (non-consolidated)	2,732	22,546
Dividends	10,551	13,493
Interest income	69,821	96,074
Interest expense	389,314	440,847
Write-downs of investments	27,930	13,056
Losses on currency transactions (net of profits)	21,204	25,605
Miscellaneous expense (net)	46,655	30,375
Total	401,820	377,770
Income before Income Taxes and Minority Interests	723,834	519,774
Income taxes	311,428	231,800
Net Income before Minority Interests	412,406	287,974
Minority interests	3,952	694
Net Income	408,454	287,280

We have examined the balance sheets of Badische Anilin- & Soda-Fabrik Aktiengesellschaft and subsidiaries and affiliates as of December 31, 1972 and the related statement of income for the year 1972. The companies which have been examined by us include 81 percent of the total assets at December 31, 1972 and 74 percent of the total revenues for the year 1972 of the companies included in the Group financial statements. Our examinations were made in accordance with auditing standards generally accepted in Germany and in the United States and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Stuttgart/New York, April 10, 1973

Schitag

Schwäbische Treuhand-Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft

Steuerberatungsgesellschaft

(Certified Public Accountants - Tax Consultants)

D. R. Frey

(Certified Public Accountant)

ppa. Dr. Csik

(Certified Public Accountant)

Haskins & Sells

Certified Public Accountants

T. B. Hogan

Partner

J. M. Crawford

Partner

As to the other BASF subsidiaries and affiliates which have not been examined by us, we were furnished reports of other accountants on their examinations of the financial statements of those companies.

In our opinion, the accompanying Group balance sheet as of December 31, 1972 and the related statement of income for the year 1972 have been properly compiled on the basis stated in the accompanying notes under the heading "Principles of Compilation".

Badische Anilin- & Soda-Fabrik AG and Consolidated German Subsidiaries. Consolidated Balance Sheet at December 31, 1972

Assets	Dec. 31, 1972 DM	Dec. 31, 1971 TDM
I. Fixed Assets		
A. Tangible and Intangible		
1. Real estate and equivalent rights with office, factory and other buildings	1,001,359,757	900,161
2. Real estate and equivalent rights with residential buildings	149,374,466	111,176
3. Real estate and equivalent rights without buildings	109,030,868	87,632
4. Buildings on real estate not owned by BASF AG which do not come under (1) or (2)	20,927,203	15,504
5. Machinery, plant and equipment	1,655,656,384	1,539,808
6. Office equipment	152,209,368	141,066
7. Plant under construction and advances for plant	352,293,062	408,783
8. Concessions, industrial property rights, and similar rights and licenses under such rights	32,292,305	36,266
9. Special mining property		
(a) not included under previous items	31,771,447	31,388
(b) Special asset under § 33 sec. 2 of the law promoting rationalization in mining	1,138,000	1,423
	3,506,052,860	3,273,207
B. Investments		
1. Affiliated companies	1,664,410,018	1,599,191
2. Securities	959,218	872
3. Loans for a term of at least four years (DM 49,289,307 secured by mortgages on real estate)	97,810,990	97,285
	1,763,180,226	1,697,348
C. Balance Arising from Consolidation	257,047,875	296,996
	5,526,280,961	5,267,551
II. Current Assets		
A. Products on Lease	24,826,113	31,586
B. Inventories	1,099,462,404	1,019,146
C. Uncompleted Contracts	92,818,794	88,237
D. Other Current Assets		
1. Advances paid	19,666,450	19,614
2. Accounts receivable-trade (DM 39,507,991 with a residual term of more than one year)	1,409,600,713	1,069,077
3. Bills receivable (DM 19,952,109 rediscountable at the Federal Bank)	123,481,990	41,753
4. Checks	44,654	—
5. Cash on hand, balances at the Federal Bank and in postal checking accounts	3,884,355	4,027
6. Cash in banks (DM 4,623,491 committed)	541,841,795	517,864
7. Securities	97,265,480	101,516
Subtotal items 3-7: cash and cash items	766,518,274	665,160
8. Receivables from affiliates	307,699,134	237,943
9. Receivables resulting from loans granted under or according to (a) § 89 AktG (corporation law) (b) § 115 AktG (corporation law)	36,910,833 60,470	2,344 65
10. Other current assets	80,881,556	198,318
	3,838,444,741	3,331,490
III. Deferred Charges and Prepaid Expenses		
1. Discounts	7,060,932	8,126
2. Others	5,435,037	6,716
	12,495,969	14,842
	9,377,221,671	8,613,883

	Dec. 31, 1972 DM	Dec. 31, 1971 TDM
Capital and Liabilities		
I. Capital Stock	1,526,080,050	1,513,104
Conditional capital DM 155,490,450		
II. Surplus Reserves		
1. Statutory reserve	1,134,155,529	1,106,026
2. Free reserve at beginning of year	691,000,000	691,000
Transfer from the 1972 net income of BASF AG	50,000,000	—
Free reserve at end of year	741,000,000	691,000
III. Minority Interests	1,875,155,529	1,797,026
1. Capital	136,438,076	47,889
2. Profit	3,643,913	8,371
3. Loss	(18,269,938)	(1,146)
	(14,626,025)	7,225
	121,812,051	55,114
IV. Special Reserves	53,903,035	51,955
(according to §§ 6 b and 7 c EStG (income tax law), section 35 EStR (income tax directive), § 74 EStDV (income tax regulations), § 1 Entwicklungshilfe- Steuergesetz (development aid tax law) and § 15 BHG (Berlin aid law))		
V. General Reserves for Accounts Receivable	36,587,044	28,432
VI. Accruals		
1. Pension	630,163,803	425,046
2. Others		
(a) for taxes	282,825,877	160,685
(b) for postponed maintenance work	9,363,300	10,722
(c) miscellaneous	492,483,209	355,398
	784,672,386	526,805
VII. Liabilities for a Term of at least Four Years	1,414,836,189	951,851
1. Bonds	405,604,000	421,704
(DM 109,000,000 secured by mortgages)		
2. Debentures	266,250,000	315,868
(DM 109,750,000 secured by mortgages)		
3. Liabilities to banks	1,548,249,761	1,766,933
(DM 182,303,563 secured by mortgages)		
4. Debts profit levy	407,782	53
5. Equalization of Burdens Property Levy	22,625,205	—
6. Loans from social and welfare funds	245,240,315	192,164
(DM 18,853,848 secured by mortgages)		
7. Others	97,268,953	63,576
(DM 85,737,821 secured by mortgages)		
Items 1–7 comprise DM 912,793,130 due within less than four years	2,585,646,016	2,760,298
VIII. Other Liabilities		
1. Accounts payable-trade	603,670,722	450,493
2. Liabilities from the acceptance and the issue of bills	78,729,730	58,280
3. Liabilities to banks	146,862,941	155,113
4. Advances received	74,727,484	98,052
5. Amounts payable to affiliated companies	210,652,261	125,559
6. Others	383,744,834	335,227
	1,498,387,972	1,222,724
IX. Deferred Income	3,547,162	999
X. Profit	261,266,623	232,380
	9,377,221,671	8,613,883
1. Liabilities from the issue and endorsement of bills	350,077,707	351,877
2. Liabilities from guarantees	950,617,828	884,972
3. Liabilities from the granting of collateral security for third parties' liabilities	4,623,491	6,873
Present value of the Equalization of Burdens Property Levy	96,431,810	95,996
Quarterly amount of the Equalization of Burdens Property Levy	4,417,853	3,872

Badische Anilin- & Soda-Fabrik AG and Consolidated German Subsidiaries. Statement of Consolidated Income for the Year Ended December 31, 1972

	1972		
	DM	DM	DM
1. Sales (after turnover tax)		9,418,378,677	
2. Cost of materials (including changes in inventories) and other charges (net) not shown separately below		5,147,410,093	4,270,968,584
			4,270,968,584
3. Income from profit transfer agreements from companies not consolidated		8,030,871	
4. Income from subsidiaries and affiliates (non-consolidated)		15,280,585	
5. Income from other investments		2,812,131	
6. Other interest and similar income		60,411,077	
7. Valuation adjustments of plant property and investments		10,132,225	
8. Reversal of accruals		39,344,650	
9. Other income		125,365,390	261,376,929
			4,532,345,513
10. Wages and salaries		1,885,646,898	
11. Compulsory social security		232,393,900	
12. Pensions and assistance		191,072,370	
13. Depreciation on tangible fixed assets		693,297,003	
14. Write-downs and other valuation adjustments of investments		32,077,067	
15. Interest and similar expenses		240,950,818	
16. Taxes			
(a) on income and property	397,500,868		
(b) others	520,572,851	918,073,719	
17. Equalization of Burdens Property Levy		16,717,188	
18. Transfer of losses of affiliates not consolidated		334,278	
19. Other mandatory profit distributions under agreement		4,136,943	4,214,700,184
20. Net income for the year			317,645,329
21. Profit carryforward			(4,940,092)
			312,705,237
22. Transfers from surplus reserves			—
			312,705,237
23. Transfers to surplus reserves			65,264,639
			247,440,598
24. Minority interests in income		3,643,913	
25. Minority interests in losses		18,269,938	14,626,025
26. Prepaid dividends to third parties			800,000
27. Profit			261,266,623

1971

TDM	TDM	TDM
	7,857,437	
	4,354,036	3,503,401
		3,503,401
	27,336	
	46,341	
	2,949	
	83,339	
	886	
	21,389	
	155,331	337,571
		3,840,972
	1,576,430	
	180,533	
	119,546	
	611,504	
	66,614	
	303,892	
277,918		
460,689	738,607	
	15,464	
	296	
	42	3,612,928
		228,044
		18,957
		247,001
		231
		247,232
		7,627
		239,605
	8,371	
	1,146	7,225
		—
		232,380

The statement of accounts and the report to shareholders follow all legal requirements according to our obligatory examination.

Stuttgart, April 10, 1973

Schitag

Schwäbische Treuhand-Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft – Steuerberatungsgesellschaft

(Certified Public Accountants – Tax Consultants)

Dr. Frey

Certified Public Accountant

ppa. Dr. Csik

Certified Public Accountant

1972 Annual Statement of BASF AG

Changes in Fixed Assets

A. Tangible and Intangible

1. Real estate and equivalent rights with office, factory and other buildings
 2. Real estate and equivalent rights with residential buildings
 3. Real estate and equivalent rights without buildings
 4. Buildings on real estate not owned by BASF AG, not included in (1) or (2)
 5. Machinery, plant and equipment
 6. Office equipment
 7. Construction in progress and advances on construction
 8. Concessions, patents, and similar rights as well as licenses under such rights
-

B. Investments

1. Investments in affiliates
 2. Loans for a term of at least four years (DM 20,987,632 secured by mortgages)
-
-

Jan. 1, 1972	Additions	Valuation adjustments	Transfers Additions = + Reductions = %	Deductions (Retirements)	Depreciation	Dec. 31, 1972
DM	DM	DM	DM	DM	DM	DM
677,837,344	13,773,429	-	+ 23,010,491	1,208,407	59,823,374	653,589,483
4,542,726	220,260	-	% 197,070	743,611	158,251	3,664,054
71,158,202	15,486,529	-	% 560,184	713	4,541,728	81,542,106
1,921,118	330,468	-	+ 10,318	25,517	391,380	1,845,007
1,254,804,263	139,690,328	-	+ 162,158,657	17,473,354	350,096,714	1,189,083,180
88,138,368	32,568,594	-	+ 15,249,003	3,200,634	51,575,296	81,180,035
291,300,355	182,478,409	-	% 199,671,215	-	15,184,007	258,923,542
1	-	-	-	-	-	1
2,389,702,377	384,548,017	-	-	22,652,236	481,770,750	2,269,827,408
1,976,763,099	415,188,874	1,000,000	+ 5,400,191	20,787,363	277,755	2,377,287,046
51,283,725	10,524,523	1,009,756	% 5,400,191	11,310,150	2,275,635	43,832,028
4,417,749,201	810,261,414	2,009,756	-	54,749,749	484,324,140	4,690,946,482

Balance Sheet of BASF AG at December 31, 1972

	Dec. 31, 1972 DM	Dec. 31, 1971 TDM
Assets		
I. Fixed Assets		
A. Tangible and Intangible		
1. Real estate and equivalent rights with office, factory and other buildings	653,589,483	677,837
2. Real estate and equivalent rights with residential buildings	3,664,054	4,543
3. Real estate and equivalent rights without buildings	81,542,106	71,158
4. Buildings on real estate not owned by BASF AG, not included in (1) or (2)	1,845,007	1,921
5. Machinery, plant and equipment	1,189,083,180	1,254,804
6. Office equipment	81,180,035	88,139
7. Plant under construction and advances for plant	258,923,542	291,300
8. Concessions, industrial property rights, and similar rights and licenses under such rights	1	DM 1
	2,269,827,408	2,389,702
B. Investments		
1. Affiliated companies	2,377,287,046	1,976,763
2. Loans for a term of at least four years (DM 20,987,632 secured by mortgages)	43,832,028	51,284
	4,690,946,482	4,417,749
II. Current Assets		
A. Products on Lease	24,826,113	31,586
B. Inventories		
1. Raw materials and supplies	212,075,779	230,908
2. Finished products, goods for resale	488,374,192	509,193
	700,449,971	740,101
C. Uncompleted Contracts	92,859,913	88,259
D. Other Current Assets		
1. Advances paid	6,490,077	4,603
2. Accounts receivable-trade (DM 14,353,302 with a residual term of more than one year)	801,573,273	695,151
3. Notes receivable (DM 6,175,579 rediscountable at the Federal Bank)	100,937,005	16,740
4. Cash on hand, balances at the Federal Bank and in postal checking accounts	180,086	448
5. Cash in banks (DM 4,623,491 committed)	418,047,557	468,196
6. Securities	79,980,435	84,251
Subtotal items 3-6: cash and cash items	599,145,083	569,635
7. Accounts receivable from affiliates	336,334,809	487,488
8. Receivables resulting from loans granted under § 89 Akt G (corporation law)	2,970,937	1,769
9. Other current assets	26,019,886	89,961
	2,590,670,062	2,708,553
III. Deferred Charges and Prepaid Expenses		
1. Discounts	5,150,173	6,350
2. Others	2,117,412	4,327
	7,267,585	10,677
	7,288,884,129	7,136,979

Capital and Liabilities	Dec. 31, 1972 DM	Dec. 31, 1971 TDM
I. Capital Stock	1,526,080,050	1,513,104
Conditional capital DM 155,490,450		
II. Surplus Reserves		
1. Statutory reserves	1,134,155,529	1,106,026
2. Free reserve at beginning of year	691,000,000	691,000
Transfer from the 1972 net income	50,000,000	—
Free reserve at end of year	741,000,000	691,000
	1,875,155,529	1,797,026
III. Special Reserves	21,874,064	24,269
(as provided in § 6 b EStG (income tax law), section 35 EStR (income tax directive), § 1 Entwicklungshilfe-Steuergezet (development aid tax law)		
IV. General Reserves for Accounts Receivable	25,208,000	19,794
V. Accruals		
1. Pension	405,735,940	312,962
2. Others		
(a) for taxes	231,004,589	131,649
(b) for postponed maintenance work	8,000,000	8,000
(c) miscellaneous	153,808,087	154,974
	392,812,676	294,623
	798,548,616	607,585
VI. Liabilities for a Term of at least Four Years		
1. Bonds		
(a) 7 % Bonds of 1962 (DM 40,000,000 secured by mortgages)	40,800,000	51,000
(b) 4 1/2 % Swiss Francs Bonds of 1964	55,836,000	55,836
(c) 5 1/2 % Convertible Bonds of 1964	239,968,000	239,968
(d) 5 % Bonds of 1959	32,200,000	34,800
	368,804,000	381,604
2. Debentures (DM 40,000,000 secured by mortgages)	196,500,000	237,918
3. Liabilities to banks (DM 20,740,800 secured by mortgages)	1,159,314,527	1,376,130
4. Loans from BASF Pension Fund	224,786,467	174,239
5. Others	2,957,062	1,777
Of the amounts included in items 1–5 DM 644,499,878 are due within less than four years	1,952,362,056	2,171,668
VII. Other Liabilities		
1. Accounts payable-trade	354,985,928	276,630
2. Notes payable	59,870,000	46,530
3. Liabilities to banks	5,671,521	5,567
4. Advances received	72,349,071	95,310
5. Payables to affiliates	193,229,345	190,511
6. Others	174,488,452	159,762
	860,594,317	774,310
VIII. Profit Available for Dividend	229,061,497	229,223
	7,288,884,129	7,136,979
1. Liabilities from the issue and endorsement of bills	267,829,344	285,148
2. Liabilities from guarantees	899,776,277	838,370
3. Liabilities from the granting of collateral security for third parties liabilities	4,623,491	6,873
Present value of the Lastenausgleichs-Vermögensabgabe (Equalization of Burdens Property Levy)	58,202,000	65,773
Quarterly amount of the Lastenausgleichs-Vermögensabgabe (Equalization of Burdens Property Levy)	2,667,109	2,654

Statement of Income of BASF AG for the Year Ended December 31, 1972

	1972		
	DM	DM	DM
1. Sales (after turnover tax)		5,921,307,746	
2. Change in inventories of finished and semi-finished goods and products on lease		(25,813,390)	5,895,494,356
3. Other company-manufactured capitalized items			96,888,073
4. Total			5,992,382,429
5. Cost of raw materials, supplies and purchased merchandise not shown separately below			2,271,491,669
6. Balance (gross profit)			3,720,890,760
7. Income from profit transfer agreements		18,292,696	
8. Income from affiliates		43,935,112	
9. Income from other investments		1,169,559	
10. Other interest and similar income		49,572,920	
11. Gains from sale of plant property and equipment and valuation adjustments		6,703,095	
12. Reversal of accruals		24,217,112	
13. Transfers from special reserves		4,487,170	
14. Other income		46,833,853	
DM 7,936,225 non-recurring (1971 : DM 9,558,236)			195,211,517
			3,916,102,277
15. Wages and salaries		1,274,141,128	
16. Compulsory social security		136,460,926	
17. Pensions and assistance		155,117,626	
18. Depreciation on tangible fixed assets		481,770,750	
(DM 4,736,702 transfer of gains on sales under § 6 b EStG, income tax law)			
19. Write-downs and other valuation adjustments of investments		2,553,390	
20. Valuation adjustment on current assets other than inventories and general reserves for accounts receivable			24,161,040
21. Losses on retirement of fixed assets			16,175,802
22. Interest and similar expenses			196,152,825
23. Taxes			
(a) on income and property			
(b) others	330,271,354		
24. Equalization of Burdens Property Levy	19,273,553	349,544,907	
25. Transfer of losses of affiliates		10,620,785	
26. Transfer to special reserves		28,623,094	
27. Other expenses			1,008,788
(a) Wages paid for labor and cost of repairs performed by outside contractors	275,629,542		
(b) Miscellaneous	687,337,345	962,966,887	3,639,297,948
28. Net income for the year			276,804,329
29. Profit carryforward at beginning of year			2,257,168
			279,061,497
30. Transfer to free reserves			50,000,000
31. Profit available for dividend			229,061,497
Pension paid including payments to legally independent pension funds			
(a) paid in 1972: DM 54,448,952			
(b) anticipated in the next five years: 110 percent, 115 percent, 119 percent, 123 percent, 127 percent of the amount specified under (a)			

1971

TDM	TDM	TDM
	5,200,116	
	+ 72,205	5,272,321
		67,209
		5,339,530
		2,040,738
		3,298,792
	62,699	
	67,132	
	1,205	
	82,835	
	9,888	
	13,450	
	3,522	
	51,077	
		291,808
		3,590,600
	1,173,495	
	121,436	
	95,639	
	486,454	
	3,474	
	3,326	
	17,817	
	244,049	
208,046		
20,794	228,840	
	10,591	
	3,633	
	7,976	
260,074		
704,713	964,787	3,361,517
		229,083
		140
		229,223
		0
		229,223

The statement of accounts and the report to shareholders follow all legal requirements according to our obligatory examination.

Stuttgart, April 10, 1973

Schitag

Schwäbische Treuhand-Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft – Steuerberatungsgesellschaft

(Certified Public Accountants – Tax Consultants)

Dr. Frey

Certified Public Accountant

ppa. Dr. Ebner

Certified Public Accountant

Ten-Year Comparative Data of BASF AG

million DM	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
Sales and Earnings										
BASF AG sales ¹	2,649	3,031	3,261	3,440	3,670	4,057	4,516	4,860	5,200	5,921
Income before taxes	415	502	507	501	507	674	660	469	448	618
Taxes	218	262	224	254	247	336	306	162	219	341
Net income	197	240	283	247	260	338	354	307	229	277
Assets										
Tangible and intangible fixed assets	1,605	1,815	2,160	2,331	2,235	2,149	2,385	2,600	2,390	2,270
Investments ²	236	275	530	685	916	1,155	1,834	1,912	2,028	2,421
Fixed Assets	1,841	2,090	2,690	3,016	3,151	3,304	4,219	4,512	4,418	4,691
Inventories, uncompleted contracts and products on lease	376	456	585	615	610	561	727	787	860	818
Receivables and other current assets ³	478	528	587	572	688	832	1,188	1,340	1,270	1,156
Cash and cash items	254	322	334	364	357	418	437	556	569	599
Current Assets (including deferred charges)	1,108	1,306	1,506	1,551	1,655	1,811	2,352	2,683	2,699	2,573
Total	2,949	3,396	4,196	4,567	4,806	5,115	6,571	7,195	7,117	7,264
Capital and Liabilities										
Capital stock	800	800	1,100	1,148	1,178	1,198	1,328	1,500	1,513	1,526
Reserves	711	764	938	1,187	1,279	1,303	1,428	1,779	1,797	1,825
Retained earnings for the year	53	80	83	17	24	75	62	—	2	50
Dividend	144	160	200	230	236	263	292	307	227	229
Equity Capital	1,708	1,804	2,321	2,582	2,717	2,839	3,110	3,586	3,539	3,630
Special Reserves	9	5	5	6	5	8	18	20	24	22
Accruals	397	455	393	436	466	605	618	575	608	799
Liabilities for a term of at least four years	835	1,132	1,477	896	939	990	1,894	2,075	2,172	1,952
Other liabilities				647	679	673	931	939	774	861
Total Liabilities	1,232	1,587	1,870	1,979	2,084	2,268	3,443	3,589	3,554	3,612
Total	2,949	3,396	4,196	4,567	4,806	5,115	6,571	7,195	7,117	7,264
Capital Expenditures and Depreciation										
Expenditure on tangible fixed assets	327	491	705	606	385	362	663	725	315	385
Depreciation and retirements	242	281	360	435	481	448	455	510	525	505

¹ Until 1965 gross figures before rebates, discounts and other allowances; since 1968 without turnover tax

² Until 1965 only investments in affiliated companies and loans similar thereto

³ After valuation adjustments

